Masimba
HOLDINGS LIMITED

INTEGRATED ANNUAL REPORT 2020

VALUE CREATION

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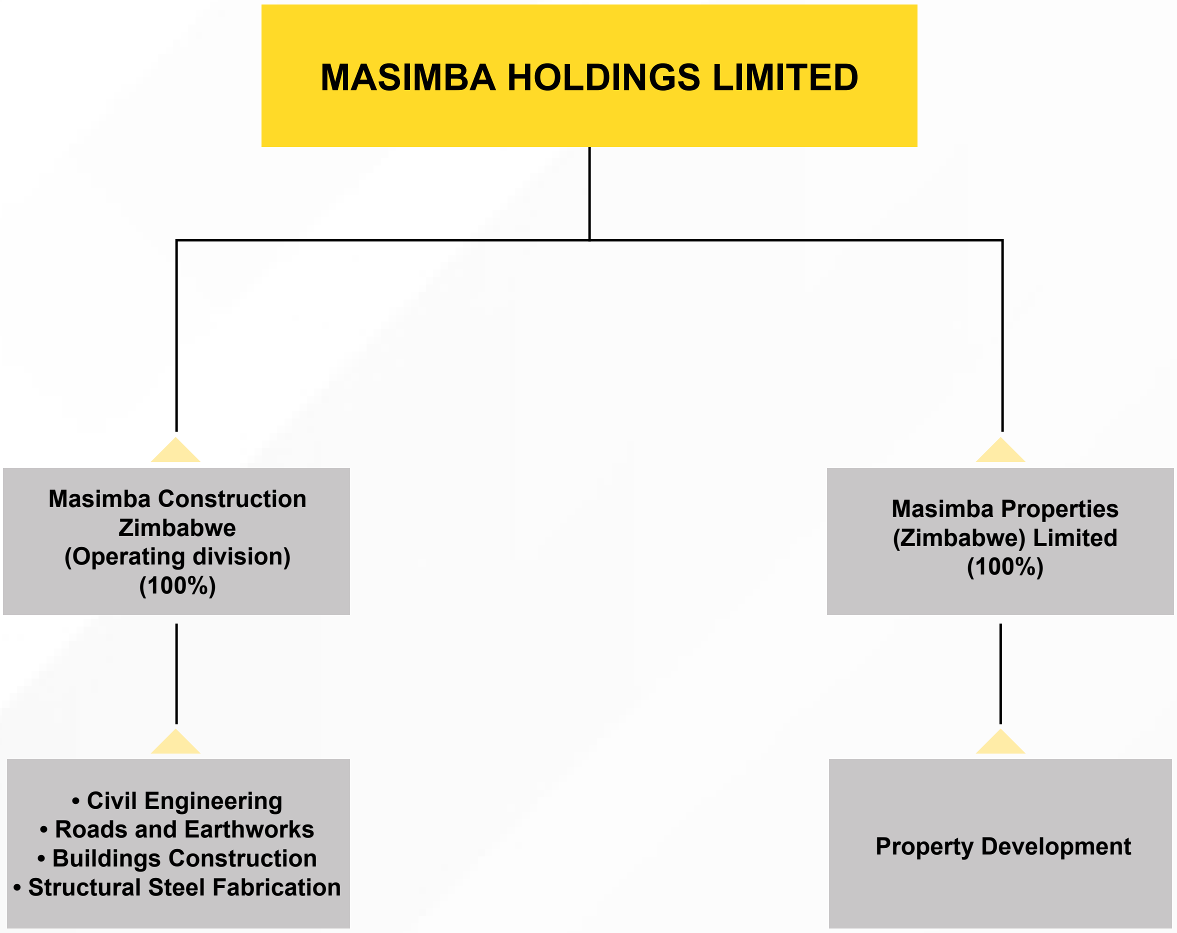
Group Profile and Nature of Business

Masimba Holdings Limited is a well-established Zimbabwean contracting and industrial group, providing innovative engineering and infrastructure client solutions to the agriculture, commercial, communications, housing, mining, water and transport sectors.

More information is available on our website, www.masimbagroup.com.

Group Structure



Consolidated Financial Highlights

	INFLATION ADJUSTED		HISTORICAL	
	2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
Consolidated summary				
Revenue	5,220,083,423	1,498,657,461	4,204,426,740	186,545,117
Profit before interest and tax	1,002,257,024	567,529,419	758,028,960	123,165,965
Profit attributable to ordinary shares	327,385,741	153,831,213	587,328,861	101,349,090
Total assets	4,637,625,707	2,059,909,657	4,579,728,295	439,255,561
Cash generated by operations	383,150,467	589,696,298	330,517,007	33,301,729
Ordinary shares performance (ZWL cents)				
Basic earnings per share (cents)	135.48	63.66	243.05	41.94
Diluted earnings per share (cents)	135.48	63.66	243.05	41.94
Headline earnings per share (cents)	359.74	53.38	117.60	10.72
Cash equivalent earnings per share (cents)	98.45	21.95	98.45	4.89
Market price per share (cents)	1,200.00	18.05	1,200.00	18.05
Financial statistics				
Profit before interest and tax on revenue	19.20%	37.87%	18.03%	66.02%
Return on average capital employed	10.81%	9.45%	29.85%	46.50%

Chairman's Statement

"The financial position of the Group strengthened to ZWL4,637,625,707 (2019: ZWL2,059,909,657) due to improved profitability and adoption of a value preservation strategy implemented through the acquisition of property, plant and equipment."

G. Sebborn
Chairman

INTRODUCTION

I am pleased to present to you the Masimba Holdings Limited (the Group) audited consolidated financial results for the year ended 31 December 2020.

OPERATING ENVIRONMENT

The operating environment in the first half of the year was largely characterised by foreign currency shortages and continued hyperinflation. The challenging operating environment was further compounded with the outbreak of the COVID-19 pandemic which culminated in the declaration of a Public Health Emergency of International Concern. Resultantly, since 17 March 2020, the country has been at differing stages of lockdown which had varying effects on business operations. The introduction of the foreign currency auction system on 23 June 2020 has, however, contributed significantly towards stabilising price inflation and the foreign exchange rates.

FINANCIAL PERFORMANCE OVERVIEW

The Group recorded revenues of ZWL5,220,083,423 (2019: ZWL1,498,657,461) for the year ended 31 December 2020. This represented a growth of 248% attributable to a strong order book in the year. The roads and mining segments were the main revenue drivers. Earnings Before Interest, Taxes, Depreciation and Fair Value Adjustments (EBITDFVA) at ZWL1,075,893,350 (2019: ZWL477,331,786) grew by 125%. The earnings growth was mainly driven by improved operational efficiencies on contracting projects, fair value gains realised on the revaluation of investment properties and exchange gains arising from a net foreign currency asset position.

The financial position of the Group strengthened to ZWL4,637,625,707 (2019: ZWL2,059,909,657) due to improved profitability and adoption of a value preservation strategy implemented through the acquisition of property, plant and equipment. The investment property book as at 31 December 2020 increased to ZWL403,694,621 (2019: ZWL293,417,950) while capital expenditure on plant and equipment was ZWL213,752,666 (2019: ZWL591,959,671).

The Group's net working capital improved to ZWL454,934,491 (2019: ZWL316,951,651) while borrowings increased to ZWL129,239,668 (2019: ZWL19,207,128), mainly to support strategic capital investments and working capital.

Cash generated from operations amounted to ZWL383,150,467 (2019: ZWL589,696,298). Cash utilised in investing activities amounted to ZWL306,416,804 (2019: ZWL589,737,378) and was mostly expended on capital equipment. The three year cumulative capital expenditure of US$7,406,892 has enabled the Group to execute large scale infrastructure projects.

Chairman's Statement / continued

SAFETY, HEALTH, ENVIRONMENT AND QUALITY MANAGEMENT SYSTEM

The Group retained its three International Organisation of Standardisation (ISO) certifications in the period under review, namely ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System.

In line with the Zero Harm strategic goal, the Group celebrated two million Lost Time Injury Free hours in December 2020.

CORPORATE SOCIAL RESPONSIBILITY

The Group endeavours to improve the welfare of the communities in which it operates in. In this regard, and as a general guideline, our projects employ general workers from the respective local communities. In the current year, an amount of ZWL51,184,210 was expended on wages towards local community employees.

In March 2020 Masimba participated in the COVID-19 outreach program by contributing diesel and roller meal to support families in the Manicaland, Matabeleland and Midlands provinces. The Group also partnered the Business Fighting COVID-19 Trust and donated grocery hampers to the COVID-19 ward staff at Parirenyatwa Hospital. In addition, the Group constructed a surfaced access road leading to the Chimanimani hospital. In order to improve the welfare of the Nyakomba irrigation community, the Group donated a tractor to be used by the local community in land preparation and other general agricultural logistics. The total amount that the Group applied towards various Corporate Social Investments in the twelve months period amounted to ZWL14,828,249.

The Group further contributes to strengthening communities through education and has partnered the University of Zimbabwe's Faculty of Engineering, the Apprenticeship Board and the Institute of Chartered Accountants of Zimbabwe in honouring and employing the top Civil Engineering students, training Apprentices and Chartered Accountants, respectively. As at 31 December 2020, the Group had 14 students under these development programs.

IMPACT OF COVID-19

The Group continues to implement and observe the Government of Zimbabwe and World Health Organisation approved COVID-19 guidelines to safeguard the health and welfare of staff, customers, suppliers, and all stakeholders. In addition, the Group has a robust COVID-19 Management Committee that includes a medical practitioner. Furthermore, per the Group's continuity plan, financing, capital investment and working capital models are regularly reviewed.

For the period under review, the Group lost 3,087 man-hours and incurred a total of ZWL2,408,892 towards the implementation of COVID-19 guidelines. While the COVID-19 pandemic did not materially impact the Group's liquidity and solvency in 2020, it is however not possible to assess, with absolute certainty, its potential impact on the financial performance for the year ending 31 December 2021.

OUTLOOK

The foreign currency auction system has contributed to a stable operating environment, which continued improvement provides opportunities for implementation of long term infrastructure projects. However, we urge the authorities to pursue appropriate policies that will mitigate the pricing arbitrage risks. In addition, the success of the roll out of the COVID-19 vaccination programme globally and particularly in Zimbabwe will provide a more conducive environment for efficient business operations.

The Group, as at reporting date, had a solid order book that included Roads, Mining and Housing Infrastructure. The execution of the order book, which is evenly balanced between the public and private sectors, will largely be dependent on the sustenance of the current operating conditions as alluded to above. The Board remains alive to the current risks and opportunities and will maintain its Value and Growth strategy in 2021.

DIVIDEND

The Board, having considered the business's profitability, its future cashflows, and the potential economic impact of COVID-19 on its operations, has proposed a final cash dividend for the year ending 31 December 2020 of ZWL41.80 cents (2019: ZWL0.83 cents).

DIRECTORATE

There were no changes to the Directorate in the period under review.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to our valued customers, suppliers and stakeholders, as well as the executives and staff for their unwavering commitment to the Masimba brand.

G. Sebborn

14 April 2021

Strategic Foundations

Our Vision
Building An African Legacy.

Why Do We Exist?
To Create Value All The Time.

Our Aspirations
Top of Clients' Minds.
Place of Great Ideas.
Pioneering.

What Makes Us Different and Guides Our Long Term Strategy?
Rich Heritage.
Trusted Brand.
High Performance.
Game Changing Capability.

Scope of the Game
Civil Engineering.
Roads and Earthworks.
Buildings Construction.
Structural Steel.
Fabrication.
Property Development.

Our Brand Expression
Excellence Delivered.

Our Strategic Pillars
Value.
Growth.
Governance.

Our Behaviours
Learning.
Caring.
Performance Driven.
Professionalism.
Excellence.
Team Masimba.

Our Values
Zero Harm.
Integrity.
Delivery.
Communication.
Innovation.

Directorate

Gregory Sebborn
Chairman, Non-Executive Director

Gregory is an independent Chairman of the Board. He is a former Managing Director of Zimbabwe & Southern African operations of the Rennies Group of Companies, a founding Director and former Group Managing Director of Zimplats Holdings Limited and Managing Director of Zimbabwe Platinum Mines. Gregory is a consultant for special mining projects and developments in Africa and serves as a Non-Executive Director of several companies including Stanbic Bank Zimbabwe Limited.

Canada Malunga
Chief Executive Officer

Canada has held this position since March 2013, prior to which he served the company as a Non-Executive Director. From 2004 to 2010, he was at the helm of the Masimba Holdings Limited Group and is a past President of the Institute of Chartered Accountants of Zimbabwe. Canada is a Non-Executive Director at FBC Holdings Limited and African Distillers Limited.

Agnes Makamure
Finance Director

Agnes joined Masimba Holdings Limited in 2008 as a Finance Manager. She was appointed to the position of Finance Director for Masimba Holdings Limited in August 2015. Agnes is a Chartered Accountant (Zimbabwe) and currently sits on the Board of ZB Financial Holdings Limited as a Non-Executive Director.

Mark Mario Di Nicola
Non-Executive Director

Mark has over 25 years of experience with companies listed on the Johannesburg Stock Exchange and is a former Chief Executive Officer of Beige Holdings Limited. He is a Director of several companies in Mauritius and the SADC region, including Kosto Holdings Limited and the Reinforcing Steel Contractors Group.

Malcolm William McCulloch
Non-Executive Director

Malcolm is a Chartered Accountant and a past Group Chief Executive Officer of Murray & Roberts Limited in South Africa. He is a Director of several companies in Mauritius and the SADC region, including Kosto Holdings and the Reinforcing Steel Contractors Group.

Paddy Tongai Zhanda
Non-Executive Director

Paddy holds a Bachelor of Commerce degree in Accounting Science from the University of South Africa. He completed his articles with Deloitte & Touché and is a Director of a number of companies including Aurora Agricultural Venture & Processors (Private) Limited, Inline (Private) Limited and Amalgamated African Ventures (Private) Limited.

Corporate Governance

The Board of Directors
The Board of Masimba Holdings Limited is committed to adhering to principles of good corporate governance in order to attain the goal of responsible corporate behaviour and full accountability to its shareholders and stakeholders. The Board has adopted the King IV report as its Governance framework. Compliance to the framework is discussed below:

Composition and Appointment
The Board comprises of six Directors made up of four Non-Executives and two Executives. It is chaired by an independent Non-Executive Director, thus ensuring a separation of powers and authority.

The election of Non-Executive Directors is subject to confirmation by the Shareholders. In terms of the Company's Articles of Association and the Companies and Other Business Entities Act (Chapter 24:31), at least one third of the Directors must retire at every Annual General Meeting and if eligible, can stand for re-election. Also, a Director appointed during the year must retire at the Annual General Meeting and, if eligible, stand for re-election.

Accountability and Delegated Functions
The Board meets formally at least once every quarter to review the entity's performance. There is an agenda of matters presented for its consideration and review, and where appropriate for decision making, so that it maintains full and effective control over strategic, financial, operational and compliance issues. The record of attendance by each Director at the Board meetings held during the period under review is reflected on page 11 of this report. There are procedures which allow Directors to avail themselves for independent professional advice in the furtherance of their duties and to select Non-Executive Directors.

Performance Management Reporting
The entity operates regionally in regulated environments. Business is conducted within a well-developed control framework, underpinned by procedures and control manuals. The Board has established a management structure with clearly defined roles, responsibilities and reporting lines.

The business performance of the Group is reported regularly to Management, the Executive Committee and the Board. Performance trends against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies which are consistently applied, in all material respects, from year to year. Where a change in accounting policy occurs, the change is specifically noted in the financial statements.

The system of internal controls is monitored regularly by Management, the Executive Committee and the Board.

The scope of the Internal Audit department includes an assessment of the risks and controls in each operating area and its findings are reported to Management. All adverse findings are reported to the Chief Executive Officer for immediate management action. Internal Audit also reports regularly to the Audit and Compliance Committee of the Board.

The External Auditor review the system of internal controls to the extent necessary for them to form the opinion they express on the financial statements. They also report to the Audit and Compliance Committee on matters arising from this review.

Changes to the Board
There were no changes to the Board in the current year.

Directors
The following are the Directors who have served during the year under review:

- Mr Gregory Sebborn
- Mr Canada Malunga
- Mrs Agnes Makamure
- Mr Mark Mario Di Nicola
- Mr Malcolm William McCulloch
- Mr Paddy Tongai Zhanda

Corporate Governance / continued

Board Committees
The Board has established and mandated a number of Committees to perform work on its behalf in various key areas affecting the Group. The Committees are chaired by Non-Executive Directors and submit reports to the main Board on the respective deliberations and findings.

The Remuneration and Nomination Committee
The Committee is chaired by a Non-Executive Director, Mr Malcolm William McCulloch. Its mandate is to set the remuneration of Executive Directors and to consider the appointment of new Directors and senior Executives before the final approval by the Board. The remuneration and nomination policies of the Committee are as follows:

- To ensure that individual rewards and incentives relate directly to the performance of the individuals, the operations and functions for which they are responsible and the Group as a whole.
- To maintain competitive rewards that enable the entity to attract and retain Executives of the highest quality.

In order to determine the competitiveness of the Executive remuneration, the Committee receives independent professional advice on remuneration packages and practices of comparable organisations within the region.

Audit and Compliance Committee
Mr Paddy Tongai Zhanda, a Non-Executive Director, chairs this Committee which deals with compliance, internal controls and risk management.

The Committee:
- considers changes to the Group's accounting policies and reviews its interim and annual financial statements, and
- reviews the effectiveness of the system of internal controls during the period and reports thereon to the Board.

The Board is responsible for establishing a system of internal controls which provides reasonable assurance that the entity's assets are safeguarded, proper accounting records are maintained, and that the financial information used in the business and for publication is reliable. They attach great importance to maintaining a strong and controlled environment. However, any system of internal controls can provide only reasonable, not absolute, assurance against material misstatement of loss.

Code of Conduct
The Board has approved a Code of Conduct which sets out the entity's core values relating to lawful and ethical conduct of the business. All employees observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the business operates.

Going Concern
The Board confirms that the Group has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the basis that the Group is a going concern.

Auditors
A resolution will be proposed at the Annual General Meeting to appoint Grant Thornton as Auditors of the Group for the ensuing year.

The Group complied with all relevant laws and regulations and considers adherence to non-binding rules, codes, and standards as an integral part of the Group's risk management process.

....	....	....
G. Sebborn	**C. Malunga**	**P. Mutiti**
Chairman	**Chief Executive Officer**	**Company Secretary**
14 April 2021	**14 April 2021**	**14 April 2021**

Record of Attendance

Directors' Meetings for the 2020 Financial Year

Board Member	Position ↓	Board	AGM*	Audit	REMCO**
	No. of Meetings	4	1	4	3
Mr Gregory Sebborn	Non-Executive Director and Chairman	4	1	4	3
Mr Canada Malunga	Chief Executive Officer	4	1	4	3
Mrs Agnes Makamure	Finance Director	3	-	4	-
Mr Mark Mario Di Nicola	Non-Executive Director	3	-	-	-
Mr Malcolm William McCulloch	Non-Executive Director	4	-	-	3
Mr Paddy Tongai Zhanda	Non-Executive Director	4	-	4	-

AGM* refers to the Annual General Meeting
REMCO** refers to the Remuneration and Nomination Committee

Three Year Review

	INFLATION ADJUSTED		
	2020 ZWL	2019 ZWL	2018 ZWL
Summarised Statements of Profit and Loss			
Revenue	5,220,083,423	1,498,657,461	1,114,957,576
EBITDFVA	1,075,893,350	477,651,233	90,686,358
Fair value adjustments	27,146,803	164,798,251	-
Depreciation	(100,783,129)	(74,600,618)	(38,666,353)
Operating profit	1,002,257,024	567,529,419	52,020,005
Net interest paid	(8,079,710)	(4,265,353)	(4,800,834)
Net monetary loss	(633,048,264)	(226,574,135)	-
Profit before tax	361,129,050	336,689,931	47,219,170
Income tax	(33,743,309)	(182,858,718)	(6,095,605)
Profit attributable to ordinary shareholders	**327,385,741**	**153,831,213**	**41,123,566**
Summarised Statements of Financial Position			
Non-current assets	1,547,898,827	1,104,619,642	448,694,111
Bank balances and cash	237,916,435	53,049,371	23,534,626
Other current assets	2,851,810,445	902,240,644	617,519,548
Total assets	**4,637,625,707**	**2,059,909,657**	**1,089,748,284**
Ordinary Shareholders funds	1,664,089,369	1,162,729,925	461,126,099
Liabilities	2,973,536,338	897,179,732	710,660,512
Total equity and liabilities	**4,637,625,707**	**2,059,909,657**	**1,089,748,284**

*EBITDFVA: Earnings Before Interest Taxation Depreciation Impairment and Amortisation and Fair Value Adjustments.

Ratios and Statistics

	INFLATION ADJUSTED		
	2020 ZWL	2019 ZWL	2018 ZWL
Earnings (cents)			
Basic earnings per ordinary share	135.48	63.66	17.63
Diluted earnings per ordinary share	135.48	63.66	17.45
Headline earnings per ordinary share	359.74	53.38	17.32
Cash equivalent earnings per ordinary share	98.45	21.95	7.27
Dividends per ordinary share	42.36	10.03	4.17
Dividend cover (times)	3.20	54.05	14.44
Profitability			
PBIT on revenue	19.20%	37.89%	21.08%
PBIT on average capital employed excluding cash*	50.04%	39.92%	43.06%
PBIT on average ordinary Shareholders funds*	60.23%	48.81%	50.69%
Productivity			
Overhead to revenue ratio	13.77%	12.25%	49.34%
Payroll cost to turnover	6.72%	5.76%	26.92%
Fixed assets turnover	1.04	0.45	0.36
Finance			
Total liabilities as a percentage of permanent capital	178.69%	77.16%	154.11%
Current assets to current liabilities	1.17	1.50	1.15
Share performance			
Ordinary shares in issue (m)	2,417	2,417	2,332
Share price at year end (cents)	1,200.00	18.05	7.56
Market capitalisation (billion cents)	2,900.40	43.63	17.63
Other			
Number of employees at year end	1,052	879	896

Definitions:

Average	Arithmetic average between consecutive year ends.
Capital employed	Permanent capital, long term loans and deferred tax.
Cash equivalent earnings	Profit after tax (PAT) adjusted for the effects of non-cash items.
Earnings per ordinary share	Earnings after tax net of non-operating items, divided by the weighted average ordinary shares in issue.
PAT	Profit after tax attributable to ordinary shareholders.
PBIT	Profit before interest and tax.
PBT	Profit before taxation.
Permanent capital	Ordinary shareholders funds.
Total liabilities	Borrowings, finance lease and non-interest bearing debt.

***Non-operating items are excluded when computing these statistics.**

Sustainability Report

Strategy

Our sustainability strategy minimizes negative impact on the Group, stakeholders and the environment, thus safeguarding a good balance between protection of the environment and economic success.

The Group implements the Global Reporting Initiatives (GRIs) standards in identifying, measuring and managing material impacts within its operations and our control. Stakeholder engagement is fundamental in our identification of potential issues and how best to respond to them, which information becomes the bedrock of the reporting of our performance indicators.

Sustainability Governance

Governance processes enable us to achieve set goals and continuously improve on performance. Our Board, supported by the Audit and Compliance Committee, has overall responsibility for sustainability.

Managing Material Topics and Reporting Practice

Topics that reflect our significant economic, environmental and social impact or which substantively influence the assessment of decision makers and key stakeholders are material to the Group. Issues below were identified as material to the Group and key stakeholders:

Area	Issues
Economic	• Economic contributions • Procurement practice
Social	• Employment • Community relations • Occupational health and safety
Environmental	• Water • Energy

Engaging our Stakeholders

To achieve our goal of sustainability we engage our key stakeholders to understand their needs, expectations and interests. Resultantly, we are better able to meet their expectations and strategically report on relevant matters. The Board is the main custodian for managing the Group's brand, reputation and stakeholder relationships.

Our Stakeholder Engagement Approach

Stakeholder	Material Issues Raised or Stakeholder Concerns	Mitigation Measures	Communication Channel
Employees	• Cost of living. • Professional and continuing education and development.	• Implemented cost of living adjustments above industry average. • Human resources procedures in place to allow for continuous training and development.	• Works Council meetings. • Internal communications.
Suppliers	• Timely payment. • Quality of products/services supplied. • Conflicts of interest.	• Supplier audits. • Supplier screening. • Product returns.	• Negotiation of payment terms. • Supplier engagement programs. • Continuous supplier evaluation. • Supplier company profiles. • Declaration of conflicts of interests. • Use of approved supplier list.
Government and Regulators	• Changes in legislations. • Foreign currency funding.	• Compliance with regulation. • Lobbying government.	• Statutory returns. • Compliance audit. • Banking relationships. • Participation on the foreign currency auction market.
Industry	• Labour collective bargaining issues.	• Participation at CIFOZ and NEC levels.	• Works Council meetings.
Customers	• Competitive pricing. • Quality of service.	• Negotiations with clients. • Monitoring market developments. • Quality control at all construction sites.	• Regular meetings. • Customer relationship. • Management programs. • ISO 9001: Quality Management Framework.
Local Communities	• Economic opportunities. • Visible corporate social responsibility activities.	• Local community affirmative recruitment policy. • Sponsorships and donations to localised programs.	• Employment contracts of locals. • Meetings with local Chiefs.

Sustainability Reporting / continued

Our Priorities
We are committed to the continuous improvement of the overall Safety, Health, Environment and Quality (SHEQ) performance through:

- Identifying and evaluating occupational hazards and environmental aspects resulting from all operations.
- Setting objectives and targets to mitigate or eliminate risks and impacts of significant hazards and aspects.
- Complying with applicable SHEQ legislation and international industry standards.
- Managing processes and operations to protect biodiversity, conserve energy and to prevent pollution, injury, illness and damage to equipment.
- Developing a world class safety culture and achieving **ZERO HARM** through SHEQ awareness, training and behaviour modification.
- Maintaining regular, open and honest communication with all stakeholders.
- Defining responsibility and accountability to monitor performance against set objectives and targets for continual improvement purposes.
- Ensuring customer satisfaction.

Sustainability in our Procurement Practice
Our procurement strategy hinges on professionalism and transparency within prescribed standards and quality. This strategy ensures that our suppliers are key partners in the delivery of quality products to clients.

Compliance to quality standards and proven track records are key selection benchmarks that we employ. We have a procurement policy that serves as a reference point in all decisions and practices. To ensure sustainability in our supply chain we vary the way we procure goods depending on value, complexity and risk involved.

The Group places responsibility on management to ensure sustainable supply chain management in the business operations. We also seek to ensure that our supply chain objectives are delivered in a sustainable manner.

Environmental Management
By nature of our business, contracting and civil building, the Group inadvertently has potential to damage the environment in the execution of its various contractual activities. It is in this vein that we adopted and are certified to ISO 14001:2015 Environmental Management System to track and effectively mitigate on the effects of harm to the environment.

Our key environmental risks include:

- Increased regulatory requirements related to energy and climate change, which could lead to increased costs as well as opportunities in a low-carbon economy.
- Project disruptions due to extreme and unpredictable weather conditions, including floods and storm surges.
- Undertaking activities without the correct environment assessments or failure to abide by conditions set out in operating licences such as water and sand abstraction permits on a project.

To ensure environmental sustainability, the organisation has across all its operations set objectives linked to sustainable environmental management. Furthermore, the 3R strategy which is premised on an approach to reduce the amount of solid waste through Reducing, Reusing and Recycling, is adopted and supported by relative activities that include:

- On-site waste segregation.
- Harnessing salvage value from waste streams such as cement bags, paper and used oils, to mention a few.
- Ensuring controlled disposal of waste through licensed service providers.
- Recycling of used vehicle tyres.
- Migrating towards a paperless working environment through automation of essential processes.
- Monitoring and measuring of vehicular and machinery exhaust emissions through planned monthly maintenance schedules.
- Monitoring of resource utilisation such as electricity, water and fuel to promote efficient consumption patterns that reduce our overall carbon footprint.
- Land rehabilitation after completion of all projects.
- Adoption of solar energy at our projects and sites.
- Compliance and adherence to permits and licences.

Sustainability Reporting / continued

Detailed below is our environmental footprint:

Resource	Measurement Unit	2020	2019	2018	2017	2016
Diesel	Litres	1,279,899	669,908	858,572	729,541	395,631
Petrol	Litres	11,026	20,787	23,367	28,247	35,345
Oils	Litres	8,991	8,452	13,976	9,737	5,376
Electricity	KW/h	99,018	74,561	108,063	73,952	81,909
Grease	Kilograms	1,383	1,214	2,719	1,200	668
Gas	Kilograms	531	1,192	1,176	327	2,099
Water	M^3	108,708	63,186	30,291	6,475	7,291

Quality Management

- We are certified to ISO 9001:2015 Quality Management System which guides us in delivering quality infrastructure across all operations.
- As an organisation, we believe that the customer is key. Customer satisfaction is our number one priority which is realised through delivering projects within agreed timelines, budget and quality, in a safe and environmentally sustainable manner.

Quality is ensured through:

- A culture of excellence and doing things right the first time.
- Automation of processes for advanced management of projects and operations.
- Robust adherence to quarterly planned maintenance schedules for all equipment and machinery.

Our People

Our people are responsible for the delivery of the Group's tagline, "Excellence Delivered."

We believe the success of all systems depends on people as the organisation's greatest asset. To that end, we strive to:

√ Provide a safe working environment.
√ Provide appropriate training and development.

For the business to retain a well engaged and skilled team, regular performance evaluations are conducted to provide feedback and implement corrective actions.

The Group provides employment opportunities through various forms that include project-based contracts, casual positions, fixed term contracts and full-time permanent contracts. The opportunities are managed through adherence to best labour practices. Our project-based contract employees are members of the Zimbabwe Construction and Allied Trade Workers Union. Detailed below is our employees database:

Employees by Nature of Contract

Financial Year	Number of Active Projects	Permanent Contracts	Project Based Contracts	Students on Attachment	Graduate Trainees	Apprentices and TOPP	Total
2020	29	176	843	11	15	7	1,052
2019	15	167	698	9	5	-	879
2018	15	160	730	6	-	-	896

Employees by Gender

Financial Year	Males		Females		Total
	Number	Percentage %	Number	Percentage %	Number
2020	930	88	122	12	1,052
2019	799	91	80	9	879
2018	841	94	55	6	896

Sustainability Reporting / continued

Masimba believes in gender equality and makes a deliberate effort to include females in its hiring process. The current ratio of females versus males is 12%, with a target of 25% by December 2021.

Employees' Skills Base
The Group recruits diverse skills which allow sustainable value creation. Some of the employees are members of the following professional bodies:

- Zimbabwe Institute of Engineers
- Institute of Chartered Accountants Zimbabwe
- Association of Certified Chartered Accountants
- Chartered Institute of Purchasing and Supply
- Institute of People Management in Zimbabwe

Local Engagements
As part of our corporate social responsibility the engagement of general workers is done from the local communities. Below are the 2019 and 2020 statistics of locals engaged vis-a-vis imported personnel:

Financial Year	Number of Locals Engaged	Total
2020	723	1,052
2019	568	879

Safety and Health
The Group is certified to ISO 45001: 2018 Occupational Health and Safety Management System for advanced and effective management of Occupation Health and Safety issues. We are committed to managing processes and operations to prevent injury and harm to our employees, stakeholders and damage to property and equipment.

Zero Harm to all employees and stakeholders is our inspirational goal and is key to the success of the Group.

Safety and Health Core Affirmation
- Zero Lost Time Injury Frequency Rate (LTIFR) and accidents.
- We believe that all incidents caused by human factors, no matter how small are avoidable.
- Life is precious and irreplaceable. Accordingly, we make safety a priority and way of life throughout all our operations. "One Accident is one too many!"

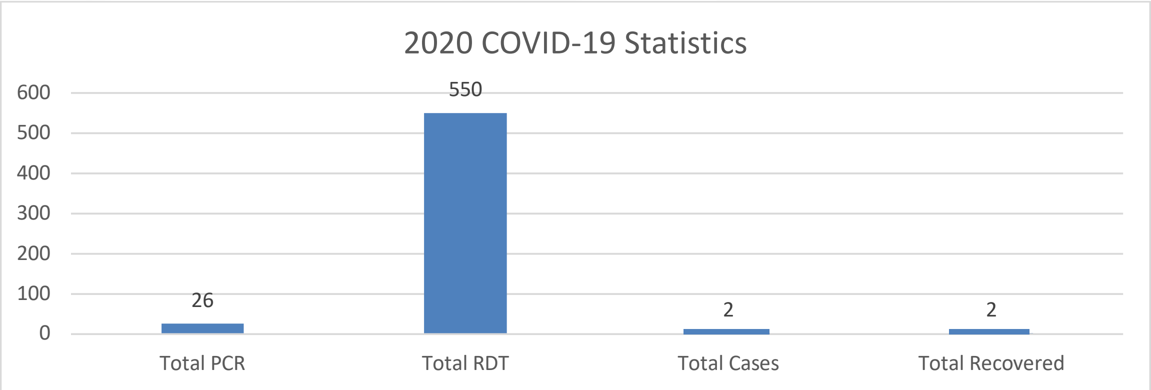
Safety Performance
The Group performed exceptionally in 2020, where the year closed in celebration of the achievement of 2 million LTI - free manhours and attainment of a zero record of lost time injuries for the whole year. The LTIFR for the year accordingly closed at 0.00 and surpassing the international standard limit of 1.00.

LTIFR Trend

Financial Year	2020	2019	2018	2017	2016
LTIFR	-	0.82	1.73	0.42	1.04

Sustainability Reporting / continued

COVID- 19 Management
The Group recognises its staff as the greatest asset that is critical to the achievement of excellence. Accordingly, it boldly invests in the total health and welfare of its staff as a top priority. We have also established and invested in a robust COVID-19 Management policy that caters for all affected staff members at no cost, inclusive of other strategies outlined below:



COVID-19 Management Strategies
- Daily symptomatic and exposure screening.
- Antigen and PCR screening for symptomatic employees.
- Medical care provision for symptomatic and asymptomatic cases.
- Professional psycho-social counselling by medical doctor.
- Procurement of emergency medical support equipment, including oxygen concentrator.
- Isolation care facility.
- Workplace decongestion, introduction of shift work and working from home.

Corporate Social Investment
- Gender equality

It is the brand's DNA and objective to be of positive impact to its employees, clients, and communities. The Group has a higher societal purpose of empowering females beyond only being valuable in society but in the construction business as well. In 2020 the ratio of female employees, across all disciplines, to male was 12% compared to 9% in 2019.

Sustainability Reporting / continued

- **Ngezi Platinum Stars Football Club Sponsorship**
  The Ngezi community in which the organisation has operated in for so many years remains close to the Group's heart. Apart from deriving its human resource from the community, the Group is proud to sponsor the community's very own soccer team, the Ngezi Platinum Stars, aka Madamburo, which plays in the Castle Lager Soccer League. Bar Covid-19 in 2020, a bronze sponsorship package ensured the team's upkeep.

Ngezi Platinum Stars football team

- **Covid-19 Outreach Program**
  - In March 2020, the Group participated in the Covid-19 outreach program by contributing 9,000 litres of diesel and 90 tons of roller meal to feed families in the Manicaland, Matabeleland and Midlands provinces.
  - Donated grocery hampers on 13 July 2020 to Covid-19 ward nurses at Parirenyatwa Hospital via the Business Fighting Covid-19 Trust.

- **Chimanimani District**
  - In an endeavour to improve access to health facilities which have become critical due to Covid-19, in April 2020 the Group compacted and surfaced 102 metres of the access road to the Chimanimani District Hospital. After a heavy down pour, the road was almost impassable.
  - Repainting of the whole hospital was scheduled from December 2020.
  - Sponsored ZWL2,6 million towards the hosting and commissioning of the Skyline to Chimanimani Road and another Cyclone damaged infrastructure on Friday 8 October 2020. The event was attended by 5,000 delegates.
  - On Friday 23 October 2020, another sponsorship totalling ZWL1,9 million was made for a school feeding scheme of 2000 people in Chimanimani.

Sustainability Reporting / continued

Economic Contributions

We are operating in an environment that is characterised by economic and inflationary pressure which constrain our value generation capability. The Group has remained resilient amid the economic pressures and continues to demonstrate exceptional performance in a difficult environment. Improved business performance enables the distribution of wealth across its stakeholders while on the other hand, poor performance results in negative consequence. To that end, the Group is committed in seeking ways of improving business performance so that it adds value to its shareholders, society and the Government.

Value preservation is at the Group's strategic objectives. As a result, we have retooled the business and thus improving efficiencies and enabling opportunities to expand the customers base.

Economic Value Generated and Distributed

The wealth that the Group creates is subsequently distributed across its stakeholders. The difference between the value generated and distributed is the economic value retained by the Group for further developing the business.

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
Value generated as represented by Gross Profit	1,616,299,653	495,226,043	1,069,113,334	68,977,168
Other income and interest received	104,642,020	255,871,392	313,724,272	75,854,830
Equity accounted earnings	173,973,703	40,747,176	779,609,454	102,887,207
	1,894,915,376	**791,844,611**	**2,162,447,060**	**247,719,205**
Economic Value Distribution				
Other operating costs	(355,051,494)	(92,512,455)	(310,547,114)	(10,457,988)
Staff costs and benefits	(350,691,388)	(86,276,744)	(305,265,061)	(10,277,492)
Depreciation and amortisation	(100,783,129)	(74,600,618)	(67,544,814)	(7,076,337)
Providers of capital	(8,079,710)	(4,265,353)	(6,183,114)	(551,780)
Value added	**1,080,509,655**	**534,189,441**	**1,472,907,257**	**219,355,608**

Payments to Government

The Group generates revenue for the Government through taxes paid to regulators. Payments made to the Government are detailed as follows:

Description	**2020 ZWL**	**2019 ZWL**
PAYE	74,980,974	3,922,881
Aids levy	2,249,429	121,326
Intermediated transfer tax	26,533,510	2,358,848
Value Added tax (VAT)	216,546,243	2,696,909
Import Duty and VAT	24,953,314	2,720,654

Sustainability Reporting / continued

Skyline Chimanimani road after Cyclone Idai

Sustainability Reporting / continued

Bimha Redevelopment Ore Handling Civils Infrastructure Project in Ngezi

- The project involved civil works for two underground crushers, two underground ore passes, four underground reinforced concrete cross-over bridges, eight raisebores and twelve MCC buildings.
- In total, 7,000m^3 of concrete was placed and 10,000m^3 of backfill over a twelve-month project duration.

Sustainability Reporting / continued

The reclaimer being used for insitu reconstruction and the mixing of gravel on the Harare-Masvingo highway.

Directors' Report

The Directors have pleasure in presenting the Audited Financial Statements of the Group for the year ended 31 December 2020. The commentary in this report is based on the inflation adjusted financials being the primary reporting financials statements for the Group.

In the report "Group" refers to Masimba Holdings Limited and its subsidiary companies.

Period's Results

	ZWL
Profit attributable to Shareholders	587,328,861
Dividend	-
Net transfer against reserves	**587,328,861**

Capital Expenditure
Capital expenditure for the period to 31 December 2020 amounted to ZWL213,752,666 (2019: ZWL591,959,671).

Share Capital
The authorised share capital of the Group is ZWL8,750,000 which comprises of 875,000,000 ordinary shares of a nominal value of ZWL0,01 each.

Issued share capital of the Group is ZWL65,365,057 as at December 2020 (2019: ZWL65,365,057) and comprised of 241,653,707 ordinary shares of the nominal amount of ZWL0,01 each.

Auditors
The Auditors of the Group are Grant Thornton Chartered Accountants. Shareholders will be asked at the forthcoming Annual General Meeting to approve their remuneration in respect of the past audit and to appoint Auditors for the coming year.

Reserves
The movement in the Reserves of the Group is disclosed on the Consolidated Statement of Changes in Equity.

Directorate
The following are the Directors of the Group that held office in the period under review:

Mr Gregory Sebborn	Non-Executive Director and Chairman
Mr Canada Malunga	Chief Executive Officer
Mr Malcolm William McCulloch	Non-Executive Director
Mrs Agnes Makamure	Finance Director
Mr Mark Mario Di Nicola	Non-Executive Director
Mr Paddy Tongai Zhanda	Non-Executive Director

Mr Gregory Sebborn and Mr Mark Mario Di Nicola retire by rotation on conclusion of the forthcoming Annual General Meeting. Both being eligible, have offered themselves for re-election. Shareholders will be asked to appoint Directors for the ensuing year.

Directors' Fees
Shareholders will be asked to approve the remuneration of the Directors for their services as Directors during the past year. Your Board recommends that an amount of ZWL2,218,786 (2019: ZWL 216,349) be paid, to be divided amongst themselves at their discretion.

The Masimba Holdings Limited Senior Executive Share Option Scheme 2003
The Scheme was approved by Shareholders in October 2003, the purpose of which was to promote the retention of senior Executives responsible for the management of the Group. At reporting date there were no outstanding share options under this scheme.

Compliance with International Financial Reporting Standards
The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs). Complying with IFRSs allows comparability with similar businesses and consistency in the interpretation of the financial statements.

While full compliance with IFRSs has been possible in previous reporting periods, only partial compliance has been achieved in 2020. The IFRS Conceptual Framework provides that, in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also consider the underlying economic substance therein. International Financial Reporting Standards 21: The Effects of Changes in Foreign Exchange Rates (IAS 21) requires an entity to apply certain parameters in determining the functional currency of an entity for use in preparing financial statements. IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable.

Directors' Report / continued

In Statutory Instrument 33 of 2019 which, based on our legal interpretation, for accounting and other purposes, prescribes parity between the United States Dollar and local currency as at and up to the effective date of 22 February 2019, while also prescribing the manner in which certain balances in the financial statements should be treated as a consequence of the recognition of the ZWL Dollar as currency in Zimbabwe.

In our opinion, the requirement to comply with Statutory Instrument 33 of 2019 has created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This has resulted in accounting treatment being adopted in the 2020 financial statements that is different from what would have been adopted if the Group had been able to fully comply with IFRS. As such, the Board and Management have been unable to produce financial statements which in their view would be true and fair and urge users of the financial statements to exercise due caution.

Effective 1 March 2019, the Group adopted the ZWL as both the reporting and functional currency of the Group.

Statement of Compliance
The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements.

The Group's independent external auditor, Grant Thornton, have audited the financial statements and their report is included in this report.

The Directors are also responsible for the system of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets. These systems of internal control also prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review. The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for the foreseeable future.

The Group's financial statements as attached were, in accordance with their responsibilities, approved by the Board of Directors on 14 April 2021 and signed on its behalf by:

....	....	....
G. Sebborn	**C. Malunga**	**P. Mutiti**
Chairman	**Chief Executive Officer**	**Company Secretary**
14 April 2021	**14 April 2021**	**14 April 2021**

These consolidated financial statements were prepared under the supervision of:

....
Agnes Makamure CA (Z)
Registered Public Accountant (PAAB No: 03528)
Finance Director

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

....
P. Mutiti
Company Secetary

14 April 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Masimba Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the financial statements of Masimba Holdings Limited set out on pages 29 to 68, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the consolidated financial statements do not present fairly, in all material respects, the financial position of Masimba Holdings Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with IAS 21 on the accounting of comparatives and transactions for the period

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. During the prior financial year up to 22 February 2019, the Group transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payment), including mobile money, bond notes and coins.

In order to comply with SI 33/2019, the RTGS transactions and balances for the prior year were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Group changed the functional currency on 22 February 2019 in compliance with legislation. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019.

In addition, during the period 22 February 2019 to 31 December 2020, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for translations as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2020.

Had the Group applied the requirements of IAS 21, many of the elements of the consolidated financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be material and pervasive to the financial statements, taken as a whole.

Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2020. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the consolidated financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of matter

We draw attention to note 37 to the consolidated financial statements, which describes the uncertainties relating to the possible effects of the COVID-19 pandemic on the Group. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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. The key audit matter noted below relate to the financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition and valuation of construction projects. • The Group is involved in complex construction projects where revenue is recognised over time using the percentage of completion method. • The amount of revenue and profit recognized in a year on construction projects is dependent, among other things: - On the actual costs incurred; - The assessment of the percentage of completion for contracts; and - The forecast contract revenue and costs to complete for each project. • The amount of revenue and profit is influenced by the valuation of variation orders and claims. • Due to the estimates and judgements involved in the recognition of revenue from construction projects, we have considered this matter as a key audit matter.	**Our audit procedures included the following:** • Understanding of the revenue process including the performance of an end to end walk through of the revenue recognition process and identifying relevant controls. • Tested the design and operating effectiveness controls that the Group has put in place over the process to record contract revenues, contract costs, and the calculation of the stage of completion. • Reviewed whether the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Evaluated the significant judgements made by management, amongst others based on an examination of the associated project documentation. • Discussed with finance and technical staff of the Group on the status of projects under construction. In addition, we visited some projects under construction. Based on our audit work performed and the assumptions used, we satisfied ourselves that the Group's revenue recognition and valuation of construction projects is in accordance with IFRS 15, Revenue from Contracts with Customers.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditor's Report / continued

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the Basis for Adverse Opinion paragraph, the consolidated financial statements have been properly prepared in compliance with the requirements of the Companies and Other Businesses Entities Act (Chapter 24:31) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

The engagement partner on the audit resulting in this independent auditor's report is Farai Chibisa.

Grant Thornton

……………………………
Farai Chibisa
Partner
Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors
HARARE

14 April 2021

Consolidated statement of financial position
as at 31 December 2020

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	4	981,970,161	757,571,799	981 970 161	168,880,112
Investment property	5	403,694,621	293,417,950	403,694,621	65,409,584
Investments	6	162,234,045	53,629,893	162,234,045	11,955,332
		1,547,898,827	**1,104,619,642**	**1,547,898,827**	**246,245,028**
Current assets					
Cash and cash equivalents	7	237,916,435	53,049,371	237,916,435	11,825,920
Contracts in progress and contracts receivables	8	1,926,458,376	440,914,184	1,926,458,376	98,289,874
Trade and other receivables	9	807,566,906	332,632,421	807,566,906	74,151,388
Inventories	10	117,785,163	128,694,039	59,887,751	8,743,351
		3,089,726,880	**955,290,015**	**3,031,829,468**	**193,010,533**
Total assets		**4,637,625,707**	**2,059,909,657**	**4,579,728,295**	**439,255,561**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	65,365,057	65,365,057	2,416,537	2,416,537
Share premium		24,603,941	24,603,941	1,006,892	1,006,892
Reserves		985,116,641	811,142,938	913,356,357	133,746,903
Retained earnings		589,003,730	261,617,989	689,412,171	102,083,310
		1,664,089,369	**1,162,729,925**	**1,606,191,957**	**239,253,642**
Non-current liabilities					
Interest bearing borrowings	12	25,121,361	10,311,067	25,121,361	2,298,573
Finance lease liabilities	13	-	1,123,366	-	250,424
Deferred tax	15	313,622,588	247,406,937	313,622,588	55,152,675
		338,743,949	**258,841,370**	**338,743,949**	**57,701,672**
Current liabilities					
Interest bearing borrowings	12	104,118,307	8,896,062	104,118,307	1,983,136
Finance lease liabilities	13	41,672	817,444	41,672	182,227
Trade and other payables	16	1,736,631,984	563,251,200	1,736,631,984	125,561,598
Current tax liabilities		1,247,446	627,804	1,247,446	139,952
Subcontractors	17	792,752,980	64,745,852	792,752,980	14,433,334
		2,634,792,389	**638,338,362**	**2,634,792,389**	**142,300,247**
Total equity and liabilities		**4,637,625,707**	**2,059,909,657**	**4,579,728,295**	**439,255,561**

G. Sebborn
Chairman

14 April 2021

C. Malunga
Chief Executive Officer

14 April 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2020

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	**2020 ZWL**	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
Revenue	18	5,220,083,423	1,498,657,461	4,204,426,740	186,545,117
Cost of sales		(3,603,783,770)	(1,003,431,418)	(3,135,313,406)	(117,567,949)
Gross profit		1,616,299,653	495,226,043	1,069,113,334	68,977,168
Fair value adjustment	5	27,146,803	164,798,251	262,656,835	60,793,584
Other operating income	19	77,495,217	91,073,142	51,067,437	15,061,246
Administrative expenses	20	(718,684,649)	(183,568,017)	(624,808,646)	(21,666,033)
Profit before interest and tax		**1,002,257,024**	**567,529,419**	**758,028,960**	**123,165,965**
Finance costs		(8,079,710)	(4,265,353)	(6,183,114)	(551,780)
Net monetary loss		(633,048,264)	(226,574,135)	-	-
Profit before tax	**21**	**361,129,050**	**336,689,931**	**751,845,846**	**122,614,185**
Taxation	22	(33,743,309)	(182,858,718)	(164,516,985)	(21,265,095)
Profit for the year		**327,385,741**	**153,831,213**	**587,328,861**	**101,349,090**
Other comprehensive income, net of income tax:					
Gain on revaluation of property, plant and equipment		111,950,663	-	737,392,440	127,995,887
Movement in available for sale investments	6	95,602,875	41,158,762	137,277,436	9,175,231
Deferred tax relating to other comprehensive income	15	(33,579,835)	(411,586)	(95,060,422)	(34,283,911)
Other comprehensive income, net of tax		173,973,703	40,747,176	779,609,454	102,887,207
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**501,359,444**	**194,578,389**	**1,366,938,315**	**204,236,297**
Profit per share					
Number of shares		241,653,707	241,653,707	241,653,707	241,653,707
Basic earnings per share (cents)	23	135.48	63.66	243.05	41.94
Diluted earnings per ordinary share (cents)	23	135.48	63.66	243.05	41.94
Headline earnings per ordinary share (cents)	23	359.74	53.38	117.60	10.72

Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2020

INFLATION ADJUSTED	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Distributable reserve ZWL	Revaluation reserve ZWL	Foreign Currency translation reserve ZWL	Share based payment reserve ZWL	Investment fair value reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 31 December 2018	**64,973,680**	**11,296,798**	**96,698,275**	**79,762,914**	**-**	**(954,088)**	**127,403**	**77,191,886**	**132,029,232**	**461,126,100**
Profit for the year	-	-	-	-	-	-	-	-	153,831,213	153,831,213
Available for sale reserve	-	-	-	-	-	-	-	40,747,175	-	40,747,175
Forfeiture of share options	-	-	-	-	-	-	(127,403)	-	-	(127,403)
Issue of shares	391,377	13,307,143	-	-	-	-	-	-	-	13,698,520
Functional currency reserve	-	-	517,696,776	-	-	-	-	-	-	517,696,776
Dividend paid	-	-	-	-	-	-	-	-	(24,242,456)	(24,242,456)
Balance at 31 December 2019	**65,365,057**	**24,603,941**	**614,396,051**	**79,762,914**	**-**	**(954,088)**	**-**	**117,939,061**	**261,617,989**	**1,162,729,925**
Profit for the year	-	-	-	-	-	-	-	-	327,385,741	327,385,741
Available for sale reserve	-	-	-	-	-	-	-	91,200,761	-	91,200,761
Forfeiture of share options	-	-	-	-	-	-	-	-	-	-
Inflation adjustment	-	-	-	-	-	-	-	-		-
Functional currency reserve	-	-	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	82,772,942	-	-	-	-	82,772,942
Dividend paid	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**65,365,057**	**24,603,941**	**614,396,051**	**79,762,914**	**82,772,942**	**(954,088)**	**-**	**209,139,822**	**589,003,730**	**1,664,089,369**
HISTORICAL COST										
Balance at 31 December 2018	**2,331,824**	**405,428**	**3,470,380**	**2,862,591**	**1,158,654**	**(34,241)**	**4,572**	**2,770,320**	**3,579,150**	**16,548,678**
Profit for the year	-	-	-	-	-	-	-	-	101,349,090	101,349,090
Available for sale reserve	-	-	-	-	-	-	-	9,083,479	-	9,083,479
Forfeited share options	-	-	-	-	-	-	(4,572)	-	-	(4,572)
Issue of shares	84,713	601,464	-	-	-	-	-	-	-	686,177
Functional currency reserve	-	-	20,631,992	-	-	-	-	-	-	20,631,992
Revaluation surplus	-	-	-	-	93,803,728	-	-	-	-	93,803,728
Dividend paid	-	-	-	-	-	-	-	-	(2,844,930)	(2,844,930)
Balance at 31 December 2019	**2,416,537**	**1,006,892**	**24,102,372**	**2,862,591**	**94,962,382**	**(34,241)**	**-**	**11,853,799**	**102,083,310**	**239,253,642**
Profit for the year	-	-	-	-	-	-	-	-	587,328,861	587,328,861
Available for sale reserve	-	-	-	-	-	-	-	135,774,649	-	135,774,649
Forfeited share options	-	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-	-
Functional currency reserve	-	-	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	643,834,805	-	-	-	-	643,834,805
Dividend paid	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**2,416,537**	**1,006,892**	**24,102,372**	**2,862,591**	**738,797,187**	**(34,241)**	**-**	**147,628,448**	**689,412,171**	**1,606,191,957**

Non-distributable reserve arose as a result of the change in functional currency.

Consolidated Statement of cashflows
for the Year Ended 31 December 2020

	Notes	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before interest and tax		1,002,257,024	567,529,419	758,028,960	123,165,965
Adjustment for non-cash items:					
Depreciation of non-current assets	4	100,783,129	74,600,618	67,544,814	7,076,337
Fair value adjustment of investment property	5	(27,146,803)	(164,798,251)	(262,656,835)	(60,793,584)
Allowances for credit losses	9	204,202,275	590,271	204,475,466	131,585
Unrealised exchange gain		(60,807,076)	(84,253,847)	(37,368,814)	(4,402,000)
Profit on disposal of property, plant and equipment	19	(2,424,325)	(269,106)	(2,424,325)	(59,990)
Dividends received	19	(1,064)	(1,788,174)	(981)	(195,567)
Other non-cash items		(778,070,736)	455,287,885	36,915,689	1,131,894
Operating cash flow before changes in working capital		**438,792,424**	**846,898,823**	**764,513,974**	**66,317,810**
Changes in working capital:					
Increase in contracts in progress and contract receivables		(1,485,544,192)	(26,389,885)	(2,032,643,967)	(83,478,870)
Increase in trade and other receivables		(474,934,485)	(177,729,797)	(733,415,518)	(68,604,952)
Decrease/(increase) in inventory		10,908,876	(80,601,414)	(51,144,400)	(7,017,367)
Increase in trade and other payables and sub-contractors		1,902,007,554	31,783,924	2,389,390,032	126,900,058
Cash generated from operating activities		**391,230,177**	**593,961,651**	**336,700,121**	**34,116,697**
Net interest paid		(8,079,710)	(4,265,353)	(6,183,114)	(551,780)
Net cash flows generated from operating activities		**383,150,467**	**589,696,298**	**330,517,007**	**33,564,899**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment:					
• To maintain operations		(213,752,666)	(591,959,671)	(147,903,112)	(26,286,638)
Proceeds from the disposal of property, plant and equipment		3,465,943	-	3,465,943	-
Investment property additions		(83,129,868)	-	(71,556,007)	-
Proceeds from disposal of available for sale investments		-	434,119	-	15,580
Purchase of shares		(13,001,277)	-	(13,001,277)	-
Dividends received		1,064	1,788,174	981	195,567
Net cash flows utilised in investing activities		**(306,416,804)**	**(589,737,378)**	**(228,993,472)**	**(26,075,491)**
CASH FLOWS FROM FINANCING ACTIVITIES					
(Increase)/Increase in borrowings		108,133,401	(28,240,045)	124,566,980	2,941,887
Dividends paid		-	(24,242,456)	-	(2,131,087)
Net cash flows generated/(utilised) from financing activities		**108,133,401**	**(52,482,501)**	**124,566,980**	**810,800**
Net increase/(decrease) in cash and cash equivalents		184,867,064	(52,523,581)	226,090,515	8,037,038
Cash and cash equivalents at beginning of the year		53,049,371	105,572,952	11,825,920	3,788,882
Cash and cash equivalents at end of the year	7	**237,916,435**	**53,049,371**	**237,916,435**	**11,825,919**

Company Statement of Financial Position
as at 31 December 2020

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Assets					
Non-current assets					
Property, plant and equipment	4	718,285,051	514,089,053	718,285,051	114,602,228
Investments	6	677,780,786	271,686,864	677,780,786	60,565,227
		1,396,065,837	**785,775,917**	**1,396,065,837**	**175,167,455**
Current assets					
Cash and cash equivalents	7	235,530,479	52,348,989	235,530,479	11,669,789
Contracts in progress and contracts receivables	8	1,926,458,376	441,033,867	1,926,485,055	98,316,554
Trade and other receivables	9	805,557,239	329,098,450	805,557,239	73,363,585
Related party balances	30.2	68,791,018	-	68,791,018	-
Inventories	10	117,785,163	128,694,039	59,887,751	8,743,352
		3,154,122,275	**951,175,345**	**3,096,251,542**	**192,093,280**
Total assets		**4,550,188,112**	**1,736,951,262**	**4,492,317,379**	**367,260,735**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	65,365,066	65,365,066	2,416,537	2,416,537
Share premium		24,603,941	24,603,941	1,006,892	1,006,892
Reserves		710,007,741	557,080,861	702,201,963	92,211,702
Retained earnings		860,808,592	258,514,729	897,289,215	86,290,468
		1,660,785,340	**905,564,597**	**1,602,914,607**	**181,925,599**
Non-current liabilities					
Interest bearing borrowings	12	25,121,361	10,311,067	25,121,361	2,298,573
Finance lease liabilities	13	-	1,123,366	-	250,424
Right of use finance lease	14	280,800	1,259,628	280,800	280,800
Deferred tax	15	231,005,304	173,708,860	231,005,304	38,723,685
		256,407,465	**186,402,921**	**256,407,465**	**41,553,482**
Current liabilities					
Interest bearing borrowings	12	104,118,307	8,896,062	104,118,307	1,983,136
Finance lease liabilities	13	41,672	817,444	41,672	182,227
Right of use finance lease	14	135,000	605,591	135,000	135,000
Trade and other payables	16	1,735,947,348	559,889,373	1,735,947,348	124,812,169
Subcontractors	17	792,752,980	64,745,852	792,752,980	14,433,334
Related party balances	30.2	-	10,029,422	-	2,235,788
		2,632,995,307	**644,983,744**	**2,632,995,307**	**143,781,654**
Total equity and liabilities		**4,550,188,112**	**1,736,951,262**	**4,492,317,379**	**367,260,735**

G. Sebborn
Chairman

14 April 2021

C. Malunga
Chief Executive Officer

14 April 2021

Company Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2020

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Revenue	18	5,220,083,423	1,498,657,461	4,204,426,740	186,545,117
Cost of sales		(3,603,783,770)	(1,003,431,319)	(3,135,313,406)	(117,567,949)
Gross profit		1,616,299,653	495,226,142	1,069,113,334	68,977,168
Fair value adjustments	6.2	297,489,770	42,415,290	466,936,847	42,306,335
Other operating income	19	63,725,713	87,346,997	40,841,127	14,383,288
Administrative expenses	20	(709,827,725)	(183,568,017)	(619,095,841)	(21,457,573)
Profit before interest and tax		**1,267,687,411**	**441,420,412**	**957,795,467**	**104,209,218**
Net monetary loss		(629,194,386)	(89,417,551)	-	-
Finance costs		(8,079,710)	(4,265,371)	(6,183,113)	(596,780)
Profit before tax	**21**	**630,413,315**	**347,737,490**	**951,612,354**	**103,612,438**
			-		
Taxation	22	(28,119,452)	(127,275,035)	(140,613,607)	(16,712,323)
Profit for the year		**602,293,863**	**220,462,455**	**810,998,747**	**86,900,115**
Other comprehensive income, net of income tax:					
Gain on revaluation of property, plant and equipment		86,500,997	-	524,380,836	81,990,004
Movement in available for sale investments	6.1	95,602,875	41,158,762	137,277,436	9,175,231
Deferred tax relating to other comprehensive income	15	(29,176,992)	(411,588)	(51,668,011)	(20,359,681)
Other comprehensive income, net of tax		152,926,880	40,747,174	609,990,261	70,805,554
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**755,220,743**	**261,209,629**	**1,420,989,008**	**157,705,669**
Profit per share					
Number of shares		241,653,707	241,653,707	241,653,707	241,653,707
Basic earnings per share (cents)	23	250.13	91.23	335.60	35.96
Diluted earnings per ordinary share (cents)	23	250.13	91.23	335.60	35.96
Headline earnings per ordinary share (cents)	23	375.70	110.89	136.40	18.49

Company Statement of Changes in Equity
for the Year Ended 31 December 2020

INFLATION ADJUSTED	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Foreign currency translation reserve ZWL	Revaluation Reserve ZWL	Share based payment reserve ZWL	Investment fair value reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2018	**64,973,680**	**11,296,798**	**70,898,571**	**97,106,622**	**-**	**127,394**	**77,191,980**	**62,294,741**	**383,889,786**
Profit for the year	-	-	-	-	-	-	-	220,462,444	220,462,444
Available for sale reserve	-	-	-	-	-	-	-	-	-
Forfeiture of share options	-	-	-	-	-	(188,644)	-	-	(188,644)
Restatement	-	-	311,944,938	-	-	-	-	-	311,944,938
Issue of shares	391,386	13,307,143	-	-	-	-	-	-	13,698,529
Dividend paid	-	-	-	-	-	-	-	(24,242,456)	(24,242,456)
Balance at 31 December 2019	**65,365,066**	**24,603,941**	**382,843,509**	**97,106,622**	**-**	**(61,250)**	**77,191,980**	**258,514,729**	**905,564,597**
Profit for the year	-	-	-	-	-	-	-	602,293,863	602,293,863
Forfeiture of share options	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	58,826,792	-	94,100,088	-	152,926,880
Dividend paid	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**65,365,066**	**24,603,941**	**382,843,509**	**97,106,622**	**58,826,792**	**(61,250)**	**171,292,068**	**860,808,592**	**1,660,785,340**
HISTORICAL COST									
Balance at 1 January 2018	**2,331,824**	**405,428**	**2,544,461**	**3,485,035**	**-**	**4,572**	**2,770,323**	**2,235,283**	**13,776,926**
Profit for the year	-	-	-	-	-	-	-	86,900,115	86,900,115
Available for sale reserve	-	-	-	-	-	-	9,083,479	-	9,083,479
Forfeited share options	-	-	-	-	-	(4,572)	-	-	(4,572)
Issue of shares	84,713	601,464	-	-	-	-	-	-	686,177
Currency translation	-	12,606,329	-	-	-	-	-	-	12,606,329
Revaluation surplus	-	-	-	-	61,722,075	-	-	-	61,722,075
Dividend paid	-	-	-	-	-	-	-	(2,844,930)	(2,844,930)
Balance at 31 December 2019	**2,416,537**	**15,150,790**	**2,544,461**	**3,485,035**	**61,722,075**	**-**	**11,853,802**	**86,290,468**	**181,925,599**
Profit for the year	-	-	-	-	-	-	-	810,998,747	810,998,747
Available for sale reserve	-	-	-	-	-	-	135,774,649	-	135,774,649
Forfeited share options	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-	-	-	-
Revaluation surplus	-	-	-	-	474,215,612	-	-	-	474,215,612
Dividend paid	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**2,416,537**	**15,150,790**	**2,544,461**	**3,485,035**	**535,937,687**	**-**	**147,628,451**	**897,289,215**	**1,602,914,607**

Non-distributable reserve arose as a result of the change in functional currency.

Company Statement of cashflows
for the Year Ended 31 December 2020

	Notes	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before interest and tax		1,267,687,411	441,420,412	957,795,467	104,209,218
Adjustment for non-cash items:					
Depreciation of non-current assets	4	95,535,826	71,932,068	64,431,619	6,898,201
Allowances for credit loss		204,295,279	590,271	204,475,466	131,585
Unrealised exchange gain		(60,807,076)	(84,880,521)	(37,368,814)	(4,402,000)
Fair value adjustments		(297,489,769)	(42,415,290)	(466,936,846)	(42,306,335)
Profit on disposal of property, plant and equipment	19	(2,424,325)	(269,106)	(2,424,325)	(59,990)
Dividends received	19	(1,064)	(1,788,174)	(981)	(195,567)
Other non-cash items		(843,442,804)	339,313,711	(301,560,797)	9,984,330
Operating cash flow before changes in working capital		**366,353,477**	**723,903,362**	**418,410,788**	**74,259,442**
Changes in working capital:					
Increase in contracts in progress and contract receivables		(1,485,424,510)	(26,389,889)	(1,828,168,501)	(83,478,871)
Increase in trade and other receivables		(476,458,789)	(187,836,017)	(732,193,654)	(68,250,484)
Decrease/(increase) in inventory		10,908,876	(80,601,414)	(51,144,400)	(7,151,901)
(Increase)/decrease in related party balances		(10,029,422)	(42,280,234)	66,555,230	358,460
Increase in trade and other payables and sub-contractors		1,904,065,103	44,987,368	2,389,454,825	118,442,667
Cash generated from operating activities		**306,414,735**	**431,783,176**	**262,914,288**	**34,179,313**
Net interest paid		(8,079,710)	(4,265,371)	(6,183,113)	(596,780)
Net cash flows generated from operating activities		**298,335,025**	**427,517,805**	**256,731,175**	**33,582,533**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment:					
• To maintain operations		(213,752,666)	(441,047,091)	(147,903,112)	(26,702,438)
Proceeds from disposal of property, plant and equipment		3,465,943	-	3,465,943	-
Proceeds from disposal of available for sale investments		-	434,119	-	15,580
Purchase of shares		(13,001,277)	-	(13,001,277)	-
Dividends received		1,064	1,788,174	981	195,567
Net cash flows utilised in investing activities		**(223,286936)**	**(438,824,798)**	**(157,437,465)**	**(26,491,291)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Movement in interest bearing borrowings		108,133,401	(28,240,058)	124,566,980	2,941,887
Dividends paid		-	(13,088,036)	-	(2,131,087)
Net cash flows utilised/received in financing activities		**108,133,401**	**(41,328,094)**	**124,566,980**	**810,800**
Net increase in cash and cash equivalents		183,181,490	(52,635,087)	223,860,690	7,902,042
Cash and cash equivalents at beginning of the year		52,348,989	104,984,076	11,669,789	3,767,747
Cash and cash equivalents at end of the year		**235,530,479**	**52,348,989**	**235,530,479**	**11,669,789**

Statement of Accounting Policies
for the Year Ended 31 December 2020

1 General Information

Masimba Holdings Limited (the Group) is a limited company incorporated in the Republic of Zimbabwe. The address of its registered office is 44 Tilbury Road, Willowvale, Harare, Zimbabwe.

1.1 Nature of Business

The principal activities of the Group are civil engineering, roads and earthworks, building contracting and property development.

1.2 Functional and Presentation Currency

The annual financial statements are presented in Zimbabwe Dollars (ZWL), being the functional and reporting currency of the primary economic environment in which the Group operates.

1.3 Inflation Adjustment

These results have been prepared under the current cost basis in line with the provisions of International Reporting Standards IAS 29:Financial Reporting in Hyperinflationary Economies. The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement 1/2019). The directors have applied the guidelines provided by the PAAB and the accounting bodies and made various assumptions to produce the inflation adjusted financials.

The group adopted the Zimbabwe Consumer price index (CPI) as a general price index to restate transactions and balances as appropriate. Non- monetary assets and liabilities have been restated to reflect the change in the general price index. Monetary assets and liabilities and non monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the statement of comprehensive income have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred.

The conversion factors used to restate the Group's financial results are as follows:

Date	Indices	Conversion Factor
31 December 2020	2,474.51	1.00
31 December 2019	551.63	4.49
31 December 2018	88.81	27.86

1.4 Use of Significant Judgements

In preparation of these consolidated financial statements management has made judgements, estimates and assumptions that affect the application of the group's accounting policies and the reported amount of assets, liabilities, income and expenses.

a) Valuation of Properties
The valuation was undertaken using the appropriate methodology and professional judgement of the valuers.

Investment properties and owner occupied properties, were valued by independent external valuers, at reporting date, namely Intergrated Properties (Private) Limited and Old Mutual Property Zimbabwe (Private) Limited. Due to the lack of market evidence of ZWL transactions, the properties were valued in USD and translated to ZWL at the closing interbank rate.

b) Valuation of Other Property, Plant and Equipment
A directors valuation was performed at the end of the reporting period. The Group maintains a USD denominated asset register which was translated to ZWL using the closing interbank rate.

c) The entity makes estimates and assumptions concerning the future
The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below:

Revenue recognition and contract accounting
The entity uses certain assumptions and key factors in the management of and reporting for its contracting arrangements.

These assumptions are material and relate to:
- The estimation of costs to completion and the determination of the percentage of completion,
- The recoverability of under claims,
- The recognition of penalties and claims on contracts, and
- The recognition of contract incentives.

Statement of Accounting Policies / continued

for the Year Ended 31 December 2020

1.4 Use of Significant Judgements (continued)

c) The entity makes estimates and assumptions concerning the future (continued)

Management is satisfied that at year end the Group met its performance obligations under contracts and the recognition of revenue is appropriate.

Other estimates made:

The entity also makes estimates for:

- The calculation of the provision for credit losses. In determining recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group therefore recognises an allowance for credit losses against receivables on a case by case basis.
- The determination of useful lives and residual values of items of property, plant and equipment.
- The determination of the fair value of share options.

2 Adoption of New and Revised International Financial Reporting Standards (IFRSs).

2.1 New and revised IFRS affecting amounts reported and/or disclosures in the financial statements.

In the current year, the Group applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2020. The amended standards, described below, did not have a material impact on the financial position or performance of the Group:-

Amendments to IAS 1: Presentation of Financial statements and IAS 8: Accounting policies, changes in estimates and errors

The amendment classifies the definition of 'materiality' and how it should be applied. The amendments also improve the explanations of the definition and ensure consistency across all IFRSs. The new definition is, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

Amendments to IFRS 3: Business Combinations

The amendments to IFRS 3 clarify the definition of a business by providing a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses.

Amendments to IFRS 9: Financial instruments IAS 39: Financial instruments, and IFRS 7: Financial instruments: disclosures' – Interest rate benchmark reform

The amendments provide temporary but mandatory relief from specific hedge accounting requirements to address potential effects of the uncertainly in the lead up to Interbank Offered Rate reform (IBOR reform – Phase 1).

Amendments to IFRS 16: Leases, COVID-19-Related Rent Concessions

The amendments permit lessees not to assess whether eligible COVID-19 related rent concessions are lease modifications, and account for them as if they were not lease modifications. Eligible rent concessions are those arising as a 'direct consequence' of COVID-19 and for which the revised consideration for the lease remains 'substantially the same' or is less than the consideration for the lease before the concession; any reduced payments were originally due on or before June 30, 2021; and there are no other 'substantive' changes to the lease. For lessees, this is an optional practical expedient to be applied consistently to all lease contracts with similar characteristics and in similar circumstances. The practical expedient is not available to lessors.

Conceptual framework

The International Accounting Standards Board (IASB) revised the conceptual framework, the effective date is annual periods beginning on or after 1 January 2020. The framework is used by prepares when developing accounting policies where no International Financial Reporting Standards apply to a particular transaction.

2.2 New and revised IFRS in issue but not mandatory effective and not adopted at the reporting date:

- **IAS 1: Presentation of Financial Statements.**
  The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. This standard is effective for periods beginning on or after 1 January 2022.

- **IAS 16: Property, Plant and Equipment (PPE).**
  Proceeds before Intended Use, introduce new guidance. Proceeds from selling items (e.g. samples) before the related PPE is available for its intended use can no longer be deducted from the cost of PPE. Instead such proceeds should be recognized in profit or loss, together with the costs of producing those items (to which IAS 27 applies). Accordingly, a company will need to distinguish between costs of producing and selling items before the PPE is available for its intended use; and costs of making the PPE available for its intended use. Making this allocation of costs may require significant estimation and judgement. This standard is effective for periods beginning on or after 1 January 2022.

2.2 New and revised IFRS in issue but not mandatory effective and not adopted at the reporting date (continued):

- **IAS 37: Provisions, Contingent Liabilities and Contingent Assets.**
  The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfil the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. This standard is effective for periods beginning on or after 1 January 2022.

The Directors of the Group do not anticipate that the application of the amendments in the future will have a material impact on the Group's consolidated financial statements.

3 Summary of significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by IASB, with the exception of IAS 21 and IAS 29.

3.2 Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the International Financial Reporting Interpretations Committee (IFRIC) Interpretations and the Zimbabwe Companies and other Business Entities Act (Chapter 24:31) and related statutory instruments. With the exceptions noted as in policy 2.2 above, "Application of new and revised IFRSs", the accounting policies set out below have been consistently applied from the previous year and throughout the current year. These financial statements are presented in Zimbabwe dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on managements' best knowledge of current events and actions, actual results may ultimately differ from those 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.

Judgements made by management in the application of International Financial Reporting Standards (IFRSs) that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in Note 1.4.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

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

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

Statement of Accounting Policies / continued

for the Year Ended 31 December 2020

3.3 Basis of consolidation (continued)

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

3.3.1 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition - date of fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group, in exchange for the control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at the fair value except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12: Income Taxes and IAS 19: Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquirer's share- based payments awards are measured in accordance with IFRS 2: Share-based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: Non- current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

3.5 Interests in joint ventures

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

Joint venture arrangements that involve the establishment of a separate entity, in which each venture has an interest, are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see note 3.4 above).

When a Group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interest in the jointly controlled entity that are not related to the Group.

3.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control to the customer.

3.6.1 Long-term construction contracts
Where the outcome of a long-term construction contract can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the statement of financial position date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that collection is probable and the amounts can be measured reliably. Anticipated losses to completion are recognised immediately as an expense in contract costs. This method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. The Group becomes entitled to invoice customers on long term construction contracts based on achieving a series of performance related milestones. When a particular milestone is achieved the customer is sent the relevant statement of work signed by a third party assessor and an invoice for the related milestone payment.

Where the outcome of the long-term construction contract cannot be reliably determined, contract revenues are recognised to the extent that the recoverability of incurred costs is probable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profit less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under contracts in progress and contracts receivables.

3.6.2 Dividend and interest revenue
Dividend revenue from investments is recognised when the Shareholder's right to receive payment has been established.

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 revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.6.3 Rental income
Rental income from investment properties is recognised on a straight line basis over the term of the relevant lease.

3.7 Property, plant and equipment

Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to use for more than one period. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

3.7.1 Measurement
Property, plant and equipment are shown at cost less the related depreciation. It is the policy of the Group to revalue its property, plant and equipment frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation increase arising is recognised in other comprehensive income, 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 revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve of that asset.

3.7.2 Subsequent costs
Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

3.7.3 Components
The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are grouped together and depreciated as one component.

Statement of Accounting Policies / continued

for the Year Ended 31 December 2020

3.7 Property, plant and equipment (continued)

3.7.4 Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following average useful lives are used in the calculation of depreciation:-

Land is not depreciated		
Buildings	40 years	On a straight - line basis
Plant and equipment	4-10 years	On a straight - line basis
Motor vehicles	5 years	On a straight - line basis
Other Assets	3-10 years	On a straight - line basis

The property, plant and equipment's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors such as number of shifts for which the asset is to be used and the repair and maintenance program and technological obsolescence arising from changes and residual value.

3.8 Impairment of assets

At each statement of financial position date the Group assesses whether there is any indication that an asset maybe impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable amount of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

When performing impairment tests, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or group of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.9 Taxation and deferred taxation

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

3.9.1 Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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 liability for current tax is calculated using rates that have been enacted by the financial position statement date.

3.9.2 Deferred taxation

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.9 Taxation and deferred taxation (continued)

3.9.2 Deferred taxation (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

3.9.3 Value added tax (VAT)
Revenues, expenses and assets are recognised net of the amount of value added tax except where the goods supplied are exempted or zero rated. The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

3.10. Contracts in progress and contract receivables

The valuation of contracts in progress takes account of all direct expenditure on contracts, less payment on account and provision for possible losses to completion. Profits or losses on contracts are recognised with reference to the stage of completion, which is determined by taking into account the proportion of work executed and the nature of each contract. Anticipated losses to completion are deducted.

3.10.1 Advance payments received
Advance payments received are assessed on initial recognition to determine whether it is probable that they will be repaid in cash or another financial asset. If it is probable that the advance payments will be repaid with goods or services, the liability is carried at historic cost.

3.11 Inventories

Inventories comprise finished goods and manufactured components. They are valued at the lower of cost or net realisable value generally determined on a moving average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.12 Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in ZWL, which is the functional currency of the Group and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use,
- exchange differences which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- exchange differences on transactions entered into in order to hedge certain foreign currency risks, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Statement of Accounting Policies / continued
for the Year Ended 31 December 2020

3.12 Foreign currency translation (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in ZWL using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign operation (i.e. disposal of a Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit and loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in profit and loss. All partial disposals i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

3.13.1 Financial assets
Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Separate assets or liabilities are recognized if any rights and obligations are created or retained in the transfer. The Group has three classes for its financial assets, that is amortized cost, fair value through profit/loss and fair value through other comprehensive income. The classification depends on the cashflow characteristics of the financial asset and the business model in which it is held.

Classification

The Group's financial assets are classified as either amortized cost, fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI).

Amortised Cost

Financial assets are classified at amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest ("SPPI") on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances. Interest income and gains and losses from financial assets at amortized cost are recognized in statement of profit or loss as financial income. The Group's financial assets measured at amortised cost include contracts in progress and receivables, cash and cash equivalents and loans receivable. Trade and other receivables mainly comprise sale of goods receivables. Certain trade and other receivables are considered to be long term in nature and are recorded as non-current in the statement of financial position.

Financial assets at FVTPL

Financial instruments are classified at fair value through profit or loss if it fails the SPPI test or if it is designated at FVTPL. Financial instruments at 'fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of profit or loss. The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- debt investments that do not qualify for measurement at either amortised cost or FVTOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.
- unit trust held at fair value through profit or loss.

3.13. Financial instruments (continued)

3.13.1 Financial assets (continued)

Financial assets at FVTOCI

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if the asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Recognition and derecognition of regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no financial instruments that were offset during the year nor in 2019.

Measurement

At initial recognition, the Group measures a financial asset classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

If the transaction price differs from fair value at initial recognition the difference is accounted for as follows;

- if fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that which market participants would consider when pricing the asset or liability.

Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection was expected in one year or less, they were presented as current assets. If not, they were presented as non-current assets. Trade receivables were measured at initial recognition at fair value, and were subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts were recognised in profit or loss when there was objective evidence that the asset was impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments were considered indicators that the trade receivable was impaired. The allowance recognised was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ('ECL") on financial assets that are measured at amortized cost. At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of financial asset has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to twelve month expected credit losses.

The Group assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Statement of Accounting Policies / continued

for the Year Ended 31 December 2020

3.13. Financial instruments (continued)

3.13.1 Financial assets (continued)

Impairment of financial assets (continued)

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. The Group monitors all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

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

3.13.2 Financial liabilities

Financial liabilities are recognized when the Group becomes bound to the contractual obligations of an instrument. Financial liabilities are derecognized when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires. Financial liabilities at amortised cost mainly comprise of borrowings, trade and other payables and amounts due to related parties.

Interest bearing Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables were presented as current liabilities if payment is due within one year or less, If not, they are presented as non-current liabilities. Trade and other payables were initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3.14 Leases

The Group assesses whether a contract is or contains a base, at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all these lease arrangements in which it is a lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and lease of low value asset. For these leases, the Group recognises the lease payments as an operating expense or sundry income on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3.14 Leases (continued)

The Group as Lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to carrying amount of the leased asset and recognised on a straight-line basis over the lease term .

Amounts due from lessees under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding respect of the leases

When a contract includes leases and non- lease components, the Group applies IFRS 15: Revenue from Contracts with customers, to allocate the consideration under the contract to each component.

The Group as Lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be reliably determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprises of:

- fixed lease payments (including in substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the base term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asse) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease using a revised rate
- the lease payments change due to changes in an index or rate or a change in expected payments under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

The Group did not make such adjustments during the periods presented.

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37: Provisions, Contigent Liabilities and Contigent Assets. The costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfers ownership of the underlying asset or the cost of the right of use assets reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36: Impairment of Assets to determine whether right of use assets is impaired and accounts for any identified impairment loss as described in the Property, Plant and Equipment policy (3.7).

Statement of Accounting Policies / continued
for the Year Ended 31 December 2020

3.14 Leases (continued)

The Group as Lessee (continued)

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

As a practical expedient, IFRS 16: Leases permits a lessee not to separate non lease components, and instead account for any lease and associated non lease components as a single arrangement. The Group has not used this practical expedient.

3.15 Share based payments

Senior Executives of the Group receive remuneration in the form of share based payments, whereby they receive equity instruments as consideration for rendering services. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions other than those linked to the price of the shares of the Group. The cost of equity settled transactions is recognised, together with corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Details regarding the determination of the fair value of equity settled share based transactions are set out in note 11.
The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (Share Based Payment reserve).

3.16 Investment properties

Investment property is property held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis. Initially, investment property is measured at its cost, including transaction costs. Subsequent to initial measurement, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

. An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised.

3.17 Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Provisions and contingencies

3.18.1 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 statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.18 Provisions and contingencies (continued)

3.18.1 Provisions (continued)

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

3.18.3 Contingent liabilities
A contingent liability is a possible obligation that arises from past events and existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

3.18.4 Contingent assets
A contingent asset is a possible asset that arises from past events and existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. In the ordinary course of business, the Group may pursue a claim against a subcontractor or client. Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the flow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised on the statement of financial position.

3.19 Employee benefits

3.19.1 Defined contribution plans
The Group operates pension schemes in terms of the Pension and Provident Funds Act (Chapter 24:09) and current contributions to defined contribution schemes are charged against income as incurred. The Group also participates in the National Social Security Authority scheme. Under defined contribution plans, the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

3.19.2 Short term employee benefits
Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees of the Group.

3.19.3 Termination benefits
Termination benefits are payable when employment is terminated by the Group before retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

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

3.20 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Executive and non-Executive Directors.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020

4. Property, Plant and Equipment	Freehold land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Furniture and office equipment ZWL	Total ZWL
INFLATION ADJUSTED					
Group					
Cost/Valuation					
Balance at 31 December 2018	**99,892,033**	**315,694,243**	**41,881,873**	**14,126,018**	**471,594,167**
Additions	-	539,380,423	42,561,507	10,017,741	591,959,671
Disposals	-	-	(1,963,132)	-	(1,963,132)
Balance 31 December 2019	**99,892,033**	**855,074,666**	**82,480,248**	**24,143,759**	**1,061,590,706**
Additions	-	181,304,629	31,473,328	974,709	213,752,666
Disposals	-	(20,216,315)	(3,007,479)	-	(23,223,794)
Revaluation	177,189,860	(64,788,874)	1,090,903	(1,541,226)	111,950,663
Balance 31 December 2020	**277,081,893**	**951,374,106**	**112,037,000**	**23,577,242**	**1,364,070,241**
Depreciation and impairment					
Balance at 31 December 2018	**2,690,594**	**189,222,905**	**27,633,283**	**9,871,507**	**229,418,289**
Depreciation charge for the year	3,041,594	59,851,053	7,397,831	4,310,140	74,600,618
Depreciation on disposals	-	-	-	-	-
Balance 31 December 2019	**5,732,188**	**249,073,958**	**35,031,114**	**14,181,647**	**304,018,907**
Depreciation charge for the year	5,543,255	73,761,282	16,978,522	4,500,070	100,783,129
Elimination on disposal	-	(19,694,639)	(3,007,317)	-	(22,701,956)
Balance 31 December 2020	**11,275,443**	**303,140,601**	**49,002,319**	**18,681,717**	**382,100,080**
Carrying amount					
Balance at 31 December 2018	**97,201,439**	**126,471,338**	**14,248,590**	**4,254,511**	**242,175,878**
Balance at 31 December 2019	**94,159,845**	**606,000,708**	**47,449,134**	**9,962,112**	**757,571,799**
Balance at 31 December 2020	**265,806,450**	**648,233,505**	**63,034,681**	**4,895,525**	**981,970,161**
HISTORICAL COST					
Cost/Valuation					
Balance at 31 December 2018	**3,585,000**	**11,329,871**	**1,503,089**	**506,965**	**16,924,925**
Foreign currency translation reserve	5,377,500	6,587,003	734,726	283,317	12,982,546
Revaluation - net replacement value	45,648,023	62,125,067	3,812,017	1,149,396	112,734,503
Additions	-	21,429,366	4,576,167	281,105	26,286,638
Disposals	-	-	(48,500)	-	(48,500)
Balance 31 December 2019	**54,610,523**	**101,471,307**	**10,577,499**	**2,220,783**	**168,880,112**
Revaluation - net replacement value	211,195,927	425,754,119	31,519,035	1,919,197	670,388,278
Additions	-	125,579,905	21,567,662	755,545	147,903,112
Disposals	-	(4,571,826)	(629,515)	-	(5,201,341)
Balance 31 December 2020	**265,806,450**	**648,233,505**	**63,034,681**	**4,895,525**	**981,970,161**
Depreciation and impairment					
Balance at 31 December 2018	**96,562**	**6,790,973**	**991,725**	**354,277**	**8,233,537**
Depreciation charge for the year	261,296	6,196,711	214,794	403,536	7,076,337
Elimination on revaluation	(357,858)	(12,987,684)	(1,158,029)	(757,813)	(15,261,384)
Elimination on disposals	-	-	(48,490)	-	(48,490)
Balance 31 December 2019	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year	3,312,792	49,746,352	11,450,717	3,034,953	67,544,814
Elimination on revaluation	(3,312,792)	(49,279,607)	(11,376,810)	(3,034,953)	(67,004,162)
Elimination on disposals	-	(466,745)	(73,907)	-	(540,652)
Balance 31 December 2020	**-**	**-**	**-**	**-**	**-**
Carrying amount					
Balance at 31 December 2018	**3,488,438**	**4,538,898**	**511,364**	**152,688**	**8,691,388**
Balance at 31 December 2019	**54,610,523**	**101,471,307**	**10,577,499**	**2,220,783**	**168,880,112**
Balance at 31 December 2020	**265,806,450**	**648,233,505**	**63,034,681**	**4,895,525**	**981,970,161**

Revaluation Note

At reporting date the Directors appointed two independent valuers, Integrated Properties (Private) Limited and Old Mutual Property Zimbabwe (Private) Limited and revalued all freehold land and buildings of the Group.

Further the Directors performed a desktop valuation based on the closing interbank exchange rate as at reporting date, for Plant & Machinery, Motor Vehicles and Furniture & Office Equipment asset categories.

The effective date of the revaluation was 31 December 2020. Revaluation surplus for the year amounted to ZWL737,392,440 (2019: ZWL127,995,887).

Notes to the Consolidated Financial Statements / continued

for the Year Ended 31 December 2020

4. Property, Plant and Equipment (cont.)	Freehold land and use assets ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Furniture and office equipment ZWL	Total ZWL
INFLATION ADJUSTED					
Company					
Cost/Valuation					
Balance at 31 December 2018	**-**	**315,694,243**	**41,881,873**	**14,126,018**	**371,702,134**
Additions	1,865,219	388,565,348	40,598,783	10,017,741	441,047,091
Disposals	-	-	(1,963,132)	-	(1,963,132)
Balance 31 December 2019	**1,865,219**	**704,259,591**	**80,517,524**	**24,143,759**	**810,786,093**
Additions	-	181,304,629	31,473,328	974,709	213,752,666
Disposals	-	(20,216,315)	(3,007,479)	-	(23,223,794)
Revaluation	925,117	86,026,203	1,090,903	(1,541,226)	8,950,099
Balance 31 December 2020	**2,790,336**	**951,374,108**	**110,074,276**	**23,577,242**	**1,087,815,962**
Depreciation and impairment					
Balance at 31 December 2018	**-**	**189,222,905**	**27,633,283**	**9,871,507**	**226,727,695**
Depreciation charge for the year	373,044	59,851,053	7,397,831	4,310,140	71,932,068
Depreciation on disposals	-	-	(1,962,723)		(1,962,723)
Balance 31 December 2019	**373,044**	**249,073,958**	**33,068,391**	**14,181,647**	**296,697,040**
Depreciation charge for the year	295,952	73,761,282	16,978,522	4,500,070	95,535,826
Depreciation eliminated at disposal	-	(19,694,639)	(3,007,317)	-	(22,701,956)
Balance 31 December 2020	**668,996**	**303,140,601**	**47,039,596**	**18,681,717**	**369,530,910**
Carrying amount					
Balance at 31 December 2018	**-**	**126,471,338**	**14,248,590**	**4,254,511**	**144,974,439**
Balance at 31 December 2019	**1,492,175**	**455,185,633**	**52,884,241**	**9,962,112**	**514,089,053**
Balance at 31 December 2020	**2,121,340**	**648,233,507**	**63,034,680**	**4,895,525**	**718,285,051**
HISTORICAL COST					
Cost/Valuation					
Balance at 31 December 2018	**-**	**11,329,871**	**1,503,088**	**506,965**	**13,339,924**
Foreign currency translation reserve	-	6,587,003	734,726	283,317	7,605,046
Revaluation - net replacement value	-	62,125,067	3,812,017	1,149,396	67,086,480
Additions	415,800	21,429,366	4,576,167	281,105	26,702,438
Disposals	-	-	(48,500)	-	(48,500)
Balance 31 December 2019	**415,800**	**101,471,307**	**10,577,498**	**2,220,783**	**114,685,388**
Foreign currency translation reserve		-	-	-	-
Revaluation - net replacement value	1,705,540	425,262,936	31,519,035	1,919,198	460,406,709
Additions	-	125,579,905	21,567,662	755,545	147,903,112
Disposals	-	(4,080,643)	(629,515)	-	(4,710,158)
Balance 31 December 2020	**2,121,340**	**648,233,505**	**63,034,680**	**4,895,526**	**718,285,051**
Depreciation and impairment					
Balance at 31 December 2018	**-**	**6,790,973**	**991,724**	**354,276**	**8,136,973**
Depreciation charge for the year	83,160	6,196,711	214,794	403,536	6,898,201
Elimination on revaluation	-	(12,987,684)	(1,158,028)	(757,812)	(14,903,524)
Elimination on disposals	-	-	(48,490)	-	(48,490)
Balance 31 December 2019	**83,160**	**-**	**-**	**-**	**83,160**
Depreciation charge for the year	**199,597**	**49,746,352**	**11,450,717**	**3,034,953**	**64,431,619**
Elimination on revaluation	(282,757)	(49,279,607)	(11,376,810)	(3,034,953)	(63,974,127)
Elimination on disposals		(466,745)	(73,907)		(540,652)
Balance 31 December 2020	**-**	**-**	**-**	**-**	**-**
Carrying amount					
Balance at 31 December 2018	**-**	**4,538,898**	**511,364**	**152,689**	**5,202,951**
Balance at 31 December 2019	**332,640**	**101,471,307**	**10,577,498**	**2,220,783**	**114,602,228**
Balance at 31 December 2020	**2,121,340**	**648,233,505**	**63,034,680**	**4,895,526**	**718,285,051**

Revaluation Note

At reporting date the Directors appointed two independent valuers, Integrated Properties (Private) Limited and Old Mutual Property Zimbabwe (Private) Limited and revalued all freehold land and buildings of the Company.

Further the Directors performed a desktop valuation based on the closing interbank exchange rate as at reporting date, for Plant & Machinery, Motor Vehicles and Furniture & Office Equipment asset categories.

The effective date of the revaluation was 31 December 2020. Revaluation surplus for the year amounted to ZWL524,380,836 (2019: ZWL81,990,004).

Notes to the Consolidated Financial Statements / continued

for the Year Ended 31 December 2020

5 Investment property

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
At fair value				
Balance at the beginning of the year	293,417,950	128,619,699	-	-
Fair value adjustment	27,146,803	164,798,251	-	-
Additions-Land	83,129,868	-	-	-
Balance at the end of the year	**403,694,621**	**293,417,950**	**-**	**-**
HISTORICAL COST				
At fair value				
Balance at the beginning of the year	65,409,584	4,616,000	-	-
Fair value adjustment	262,656,835	60,793,584	-	-
Additions	75,628,202	-	-	-
Balance at the end of the year	**403,694,621**	**65,409,584**	**-**	**-**

The fair value of investment property has been arrived at on the basis of a valuation carried out at 31 December 2020 by independent professional valuers, Integrated Properties (Private) Limited and Old Mutual Property (Private) Limited. In arriving at the market value, the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rentals, capital and income generated by owner occupied assets are interrelated. The effective date of revaluation was 31 December 2020.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:-

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument/asset.

- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

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

The following table presents assets and liabilities recognised at fair value in the statement of financial position of the Group:

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
Freehold land and buildings	-	265,806,450	-	265,806,450
Investment property	-	403,694,621	-	403,694,621

There were no transfers between level 1 and level 2 during the current year.

The property rental income earned by the entity from its investments property, all of which is leased out under operating leases, amounted to historical ZWL13,158,921 (2019: ZWL4,998,078). Direct operating expenses arising on the investment property amounted to ZWL8,856,924 (2019: ZWL1,310,176).

Notes to the Consolidated Financial Statements / continued

for the Year Ended 31 December 2020

6. Investments

	Group 2020 ZWL	Group 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
INFLATION ADJUSTED				
Financial assets carried at fair value	162,234,045	53,629,893	162,234,045	53,629,893
Investments in subsidiaries	-	-	515,546,741	218,056,971
	162,234,045	**53,629,893**	**677,780,786**	**271,686,864**
INFLATION ADJUSTED				
Financial assets carried at fair value	162,234,045	11,955,332	162,234,045	11,955,332
Investments in subsidiaries	-	-	515,546,741	48,609,895
	162,234,045	**11,955,332**	**677,780,786**	**60,565,227**

Financial assets that are disclosed under long term investments, are stated at fair value with the changes in fair value being recognised in other comprehensive income.

6.1 Financial assets carried at fair value

	Group 2020 ZWL	Group 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
INFLATION ADJUSTED				
Balance at the beginning of the year	53,629,893	77,898,534	53,629,893	77,898,534
Additions	13,001,277	-	13,001,277	-
Fair value adjustment	95,602,875	41,158,762	95,602,875	41,158,762
Disposal of shares	-	(69,890)	-	(69,890)
Inflation adjustment	-	(65,357,513)	-	(65,357,513)
Balance at the end of the year	**162,234,045**	**53,629,893**	**162,234,045**	**53,629,893**
HISTORICAL COST				
Balance at the beginning of the year	11,955,332	2,795,681	11,955,332	2,795,681
Additions	13,001,277	-	13,001,277	-
Fair value adjustment	137,277,436	9,175,231	137,277,436	9,175,231
Disposal of shares	-	(15,580)	-	(15,580)
Balance at the end of the year	**162,234,045**	**11,955,332**	**162,234,045**	**11,955,332**

6.2 Investments in subsidiaries

	Group 2020 ZWL	Group 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
INFLATION ADJUSTED				
Balance at the beginning of the year	-	-	218,056,971	175,641,681
Fair value adjustment	-	-	297,489,769	42,415,290
Balance at the end of the year	**-**	**-**	**515,546,740**	**218,056,971**
HISTORICAL COST				
Balance at the beginning of the year	-	-	48,609,895	6,303,560
Fair value adjustment	-	-	466,936,846	42,306,335
Balance at the end of the year	**-**	**-**	**515,546,741**	**48,609,895**

The investments in subsidiaries relate to the company's 100% shareholding in the entities listed below:

Company	**Status**	**2020 Percentage Held %**	**2019**
Axwort Investments (Private) Limited	Dormant	100	100
Caridorn Abrasives (Private) Limited	Dormant	100	100
Chimene Investments (Private) Limited	Dormant	100	100
Huldwash Investments (Private) Limited	Dormant	100	100
Maisha Asset Managers (Private) Limited	Dormant	100	100
Masimba Corporate Services (Private) Limited	Dormant	100	100
Masimba Estates Zimbabwe (Private) Limited	Dormant	100	100
Masimba Industries (Private) Limited	Dormant	100	100
Masimba Properties Zimbabwe (Private) Limited	Trading	100	100
Mobile Steel Construction (Private) Limited	Dormant	100	100
Prespeen Investments (Private) Limited	Dormant	100	100
Regional Contracting Services Limited	Dormant	100	100
Rintl Investments (Private) Limited	Dormant	100	100
Stemrich Investments (Private) Limited	Dormant	100	100
Wareput Investments (Private) Limited	Dormant	100	100
Westminister Proprietary (Private) Limited	Dormant	100	100

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for the Year Ended 31 December 2020

7 Cash and cash equivalents

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Local Accounts	231,829,189	48,852,373	229,443,233	48,151,991
Exporters Nostro FCA Accounts	6,087,246	4,196,998	6,087,246	4,196,998
Bank and cash balances	**237,916,435**	**53,049,371**	**235,530,479**	**52,348,989**
HISTORICAL COST				
Local Accounts	231,829,189	10,890,313	229,443,233	10,734,182
Exporters Nostro FCA Accounts	6,087,246	935,607	6,087,246	935,607
Bank and cash balances	**237,916,435**	**11,825,920**	**235,530,479**	**11,669,789**

Cash and cash equivalents are recognised at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances held with our bankers.

8 Contracts in progress and contract receivables

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTMENT				
Contracts receivables in respect of certified work	598,920,321	207,331,196	565,041,004	207,331,196
Contracts receivables in retentions	2,377,472	10,664,996	36,256,789	10,664,996
Contracts work in progress	1,529,714,419	223,269,553	1,529,714,419	223,269,553
	2,131,012,212	**441,265,745**	**2,131,012,212**	**98,368,245**
Less: allowance for credit losses	(204,553,836)	(351,561)	(204,527,157)	(231,878)
	1,926,458,376	**440,914,184**	**1,926,485,055**	**441,033,867**
HISTORICAL COST				
Contracts receivables in respect of certified work	598,920,321	46,218,874	565,041,004	46,218,874
Contracts receivables in retentions	2,377,472	2,377,472	36,256,789	2,377,472
Contracts work in progress	1,529,714,419	49,771,899	1,529,714,419	49,771,899
	2,131,012,212	**98,368,245**	**2,131,012,212**	**98,368,245**
Less: allowance for credit losses	(204,553,836)	(78,371)	(204,527,157)	(51,691)
	1,926,458,376	**98,289,874**	**1,926,485,055**	**98,316,554**
INFLATION ADJUSTED				
Movement in the allowance for credit losses				
Balance at the beginning of the year	351,561	(238,710)	231,878	(358,393)
Net movement in provision for the year	204,202,275	590,271	204,295,279	590,271
Bad debts written off	-	-	-	-
Balance at the end of the year	**204,553,836**	**351,561**	**204,527,157**	**231,878**
HISTORICAL COST				
Movement in the allowance for credit losses				
Balance at the beginning of the year	78,371	(53,214)	51,691	(79,894)
Net movement in provision for the year	204,475,466	131,585	204,475,466	131,585
Bad debts written off	-	-	-	-
Balance at the end of the year	**204,553,836**	**78,371**	**204,527,157**	**51,691**

Book debtors are encumbered as shown in note 12.

In determining recoverability of contract receivables, the Group considers any changes in the credit quality of the contract receivable from the date credit was initially granted up to the reporting date. The concentration of credit risks is limited due to the customer base being large and unrelated.

The Directors consider that the carrying amount of contract receivables approximates their fair values.

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
9 Trade and other receivables				
INFLATION ADJUSTED				
Trade	4,461,044	8,563,557	2,826,720	5,615,905
Other	803,105,862	324,068,864	802,730,519	323,482,545
	807,566,906	**332,632,421**	**805,557,239**	**329,098,450**
Trade receivables				
Gross trade receivables	4,461,044	8,563,557	2,826,720	5,615,905
Less: allowance for credit losses	-	-	-	-
	4,461,044	**8,563,557**	**2,826,720**	**5,615,905**
Other receivables				
Prepayments	798,962,689	319,617,657	798,952,689	318,976,759
Other receivables	4,143,173	4,451,207	3,777,830	4,505,786
	803,105,862	**324,068,864**	**802,730,519**	**323,482,545**
	807,566,906	**332,632,421**	**805,557,239**	**329,098,450**
HISTORICAL COST				
Trade	4,461,044	1,909,013	2,826,720	1,251,914
Other	803,105,862	72,242,375	802,730,519	72,111,671
	807,566,906	**74,151,388**	**805,557,239**	**73,363,585**
Trade receivables				
Gross trade receivables	4,461,044	1,909,013	2,826,720	1,251,914
Less: allowance for credit losses	-	-	-	-
	4,461,044	**1,909,013**	**2,826,720**	**1,251,914**
Other receivables				
Prepayments	798,962,689	71,250,099	798,952,689	71,107,228
Other receivables	4,143,173	992,276	3,777,830	1,004,443
	803,105,862	**72,242,375**	**802,730,519**	**72,111,671**
	807,566,906	**74,151,388**	**805,557,239**	**73,363,585**

The average credit period for trade receivables is fourteen (14) days. No interest is charged on the overdue trade receivables. The entity has recognised an allowance for credit losses against all receivables on a case by case basis.

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for credit losses because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by it to the counterparty.

Ageing of past due but not impaired trade receivables

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
61-90 days	4,025,752	1,880,924	2,635,310	1,880,924
91 days+	435,292	6,682,633	191,410	3,734,982
	4,461,044	**8,563,557**	**2,826,720**	**5,615,906**
	2020 days	**2019 days**	**2020 days**	**2019 days**
Debtor days	56	81	56	80

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
HISTORICAL COST				
61-90 days	4,025,752	419,301	2,635,310	419,301
91 days+	435,292	1,489,712	191,410	832,613
	4,461,044	**1,909,013**	**2,826,720**	**1,251,914**
	2020 days	**2019 days**	**2020 days**	**2019 days**
Debtor days	56	81	70	144

Notes to the Consolidated Financial Statements / continued

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	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
10 Inventories				
INFLATION ADJUSTED				
Finished goods and manufactured components	117,785,163	128,694,039	117,785,163	128,694,039
	117,785,163	**128,694,039**	**117,785,163**	**128,694,039**
HISTORICAL COST				
Finished goods and manufactured components	59,887,751	8,743,351	59,887,751	8,743,352
	59,887,751	**8,743,351**	**59,887,751**	**8,743,352**
11 Share capital and reserves				
INFLATION ADJUSTED				
Authorised and issued share capital				
Authorised				
875 000 000 ordinary shares of ZWL0.01 each	104,737,500	104,737,500	104,737,500	104,737,500
Issued				
241 653 707 (2019: 241 653 707) ordinary shares of ZWL0.01 each.	65,365,057	65,365,057	65,365,057	65,365,057
Unissued share capital				
Unissued share capital	39,372,443	39,372,443	39,372,443	39,372,443
The value of the authorised share capital has been inflation adjusted however nominal value per share has been maintained at historical cost.				
HISTORICAL COST				
Authorised and issued share capital				
Authorised				
875 000 000 ordinary shares of ZWL0.01 each	8,750,000	8,750,000	8,750,000	8,750,000
Issued				
241 653 707 (2019: 241 653 707) ordinary shares of ZWL0.01 each.	2,416,537	2,416,537	2,416,537	2,416,537
Unissued share capital	**6,333,463**	**6,333,463**	**6,333,463**	**6,333,463**

This is share capital which Directors may allot, grant options over or deal with at their discretion (in terms of the Articles of Association) subject to the limitations of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange, without further restrictions.

Share options movements
The Directors are empowered to grant share options to senior Executives of the Group up to a maximum of 20,000,000 (2019: 20,000,000) share options. The options are granted for a period of five (5) years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of share options outstanding as at 31 December 2020 were as follows:

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Balance at the beginning of the year	-	2,337,500	-	2,337,500
Granted during the year	-	-	-	-
Forfeited during the year	-	(2,337,500)	-	(2,337,500)
Exercised during the year	-	-	-	-
Balance at the end of the year	**-**	**-**	**-**	**-**

11 Share capital and reserves (continued)

A valuation was carried out by the Directors as at 31 December 2020. The estimated fair values of options granted were determined using Black Scholes model in accordance with IFRS 2 with the following inputs and assumptions:

	Group		Company	
	2020 ZWL	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
Grant date share price (USD)	0.121	0.121	0.121	0.121
Exercise price (USD)	0.121	0.121	0.121	0.121
Expected volatility	48.85%	48.85%	48.85%	48.85%
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	8%	8%	8%	8%

Valuation Inputs

Exercise price
The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted.

Expected volatility
Expected volatility is a measure of the amount by which the price is expected to fluctuate during a period, for example between grant date and the exercise date.

Volatility was calculated as the standard deviation of log normal daily returns for the period starting 16 July 2013 to 15 July 2015.

Expected dividends
When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividends expected to be paid during the vesting period. This is because the payment of dividends reduces the value of a company.

Risk free rate of return
A risk free rate of return is the interest rate an investor would expect to earn on an investment with no risk which is usually taken to be a Government issued security. It is the interest rate earned on a riskless security over a specified time horizon. The risk free rate return is based on 8% Fixed Rate Infrastructure Development Bonds 2015 issued by the Infrastructure Development Bank of Zimbabwe.

All options expire, if not exercised five (5) years after the date of grant. At reporting date all the options had expired.

Non-distributable reserves
This is the residual figure of assets and liabilities arising from the change in functional currency.

12 Borrowings

	Group		Company	
	2020 ZWL	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
INFLATION ADJUSTED				
Secured borrowings at amortised costs				
Non-current	25,121,361	10,311,067	25,121,361	10,311,067
Current	104,118,307	8,896,062	104,118,307	8,896,062
	129,239,668	**19,207,129**	**129,239,668**	**19,207,129**
HISTORICAL COST				
Secured borrowings at amortised costs				
Non-current	25,121,361	2,298,573	25,121,361	2,298,573
Current	104,118,307	1,983,136	104,118,307	1,983,136
	129,239,668	**4,281,709**	**129,239,668**	**4,281,709**

The short term loans have a tenure of three (3) months and long term loans have a tenure of two (2) years. The loans accrue interest at an effective rate of 45% (2019: 7%) per annum. These loans are fully secured against immovable property and a notarial general covering bond over movable assets, including a cession of book debts.

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13 Finance Leases

	Group			Company		
	Up to 1 year ZWL	2 to 5 years ZWL	Total ZWL	Up to 1 year ZWL	2 to 5 years ZWL	Total ZWL
INFLATION ADJUSTED						
2020						
Minimum lease payments						
Principal	41,672	-	41,672	41,672	-	41,672
Interest	1,563	-	1,563	1,563	-	1,563
	43,235	**-**	**43,235**	**43,235**	**-**	**43,235**
2019						
Minimum lease payments						
Principal	817,444	1,123,366	1,940,810	817,444	1,123,366	1,940,810
Interest	164,294	41,041	205,335	164,294	41,041	205,335
	981,738	**1,164,407**	**2,146,145**	**981,738**	**1,164,407**	**2,146,145**
HISTORICAL COST						
2020						
Minimum lease payments						
Principal	41,672	-	41,672	41,672	-	41,672
Interest	1,563	-	1,563	1,563	-	1,563
	43,235	**-**	**43,235**	**43,235**	**-**	**43,235**
2019						
Minimum lease payments						
Principal	182,227	250,424	432,651	182,227	250,424	432,651
Interest	36,625	9,149	45,774	36,625	9,149	45,774
	218,852	**259,573**	**478,425**	**218,852**	**259,573**	**478,425**

The finance lease liabilities comprise of 4 finance leases acquired to finance the acquisition of property plant and equipment. Each finance lease attracts an interest rate of 33% pa. The finance leases have a tenure of 36 months each. Also included is finance lease stemming from right of asset use asset.

14 Finance lease - Right of asset use

	Group			Company		
	Up to 1 year ZWL	2 to 5 years ZWL	Total ZWL	Up to 1 year ZWL	2 to 5 years ZWL	Total ZWL
INFLATION ADJUSTED						
2020						
Minimum lease payments						
Principal	-	-	-	135,000	280,800	415,800
Interest	-	-	-	77,400	361,800	484,200
	-	**-**	**-**	**212,400**	**642,600**	**900,000**
2019						
Minimum lease payments						
Principal	-	-	-	605,591	1,259,628	1,865,219
Interest	-	-	-	201,864	1,970,188	484,200
	-	**-**	**-**	**807,455**	**3,229,816**	**2,349,419**
HISTORICAL COST						
2020						
Minimum lease payments						
Principal	-	-	-	135,000	280,800	415,800
Interest	-	-	-	77,400	361,800	439,200
	-	**-**	**-**	**212,400**	**642,600**	**855,000**
2019						
Minimum lease payments						
Principal	-	-	-	135,000	280,800	415,800
Interest	-	-	-	45,000	439,200	484,200
	-	**-**	**-**	**180,000**	**720,000**	**900,000**

15 Deferred tax

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Balance at the beginning of year	247,406,937	64,136,633	173,708,860	46,022,237
Charge/ to income statement	32,635,815	182,858,718	28,119,452	127,275,035
Charge/ to other comprehensive income	33,579,836	411,586	29,176,992	411,588
Balance at the end of year	**313,622,588**	**247,406,937**	**231,005,304**	**173,708,860**
Comprising of:				
Accelerated wear and tear	188,882,736	31,218,908	123,448,432	31,218,908
Uncertified work and claims	378,145,403	180,857,479	378,145,403	129,634,503
Retention	8,841,219	8,028,623	8,841,219	8,028,623
Revenue received in advance	(34,533,931)	(6,621,428)	(34,533,931)	(6,621,428)
Allowances for credit losses	(676,006)	(1,264,235)	(676,006)	(1,264,235)
Revaluation of property, plant and equipment	20,854,909	-	27,674,204	-
Maintenance provision	(41,073,957)	(1,186,872)	(41,073,957)	(1,186,872)
Assessed loss	(232,360,171)	36,374,462	(232,322,847)	13,899,361
Available for sale	1,502,787	-	1,502,787	-
Revaluation of investment property	24,039,599	-	-	-
	313,622,588	**247,406,937**	**231,005,304**	**173,708,860**
HISTORICAL COST				
Balance at the beginning of year	55,152,675	2,243,707	38,723,686	1,651,682
Charge/ to income statement	163,409,491	21,265,095	140,613,607	16,712,323
Charge/ to other comprehensive income	95,060,422	31,643,873	51,668,011	20,359,681
Balance at the end of year	**313,622,588**	**55,152,675**	**231,005,304**	**38,723,686**
Comprising of:				
Accelerated wear and tear	166,391,716	6,959,410	100,957,412	6,959,410
Uncertified work and claims	378,145,403	16,433,184	378,145,403	16,433,184
Retention	8,841,219	1,789,764	8,841,219	1,789,765
Revenue received in advance	(34,533,931)	(1,476,068)	(34,533,931)	(1,476,068)
Fair value adjustments	84,184,159	-	1,502,787	-
Allowances for credit losses	(676,006)	(281,827)	(676,006)	(281,827)
Revaluation of property, plant and equipment	50,165,224	31,552,210	50,165,224	20,267,929
Maintenance provision	(41,073,957)	(264,581)	(41,073,957)	(264,581)
Assessed loss	(232,360,172)	440,583	(232,322,847)	(4,704,126)
Available for sale	1,502,787	-	1,502,787	-
Revaluation of investment property	17,220,305	-	-	-
	313,622,588	**55,152,675**	**231,005,304**	**38,723,682**

16 Trade and other payables

	Group 2020 ZWL	Group 2019 ZWL	Company 2020 ZWL	Company 2019 ZWL
INFLATION ADJUSTED				
Trade	44,444,733	8,035,213	44,448,333	8,051,362
Accruals	5,025,757	1,839,313	2,726,761	515,425
Provisions	1,441,071,602	257,773,682	1,440,935,425	257,773,682
Unearned revenue (Advance receipts from customers)	71,981,102	216,790,995	71,981,102	216,790,998
Other	174,108,790	78,811,997	175,855,727	76,757,906
	1,736,631,984	**563,251,200**	**1,735,947,348**	**559,889,373**
HISTORICAL COST				
Trade	44,444,733	1,791,233	44,448,333	1,794,833
Accruals	5,025,757	410,025	2,726,761	114,900
Provisions	1,441,071,602	57,463,660	1,440,935,425	57,463,660
Unearned revenue (Advance receipts from customers)	71,981,102	48,327,680	71,981,102	48,327,680
Other	174,108,790	17,569,000	175,855,727	17,111,096
	1,736,631,984	**125,561,598**	**1,735,947,348**	**124,812,169**

The average credit period on purchases of goods and services from suppliers is fourteen (14) days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair values.

Notes to the Consolidated Financial Statements / continued

for the Year Ended 31 December 2020

17 Sub-contractors

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Balance as at year end	792,752,980	64,745,852	792,752,980	64,745,852
HISTORICAL COST				
Balance as at year end	792,752,980	14,433,334	792,752,980	14,433,334

Contracts in progress and contract receivables include claims against clients in respect of sub-contractor liabilities. These liabilities are only settled when payment has been received from clients.

18 Revenue

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Construction contract revenue	5,220,083,423	1,498,657,461	5,220,083,423	1,498,657,461
HISTORICAL COST				
Construction contract revenue	4,204,426,740	186,545,117	4,204,426,740	186,545,117

19 Other income

INFLATION ADJUSTED				
Rental income	13,158,921	4,998,078	-	-
Exchange gain/(loss)	60,807,076	84,253,847	60,807,076	84,880,521
Scrap and services sales	-	(1,865,954)	-	(1,865,954)
Sundry income	1,103,831	1,629,891	493,248	2,275,140
Dividend received	1,064	1,788,174	1,064	1,788,174
Profit on disposal of property, plant and equipment	2,424,325	269,106	2,424,325	269,106
	77,495,217	**91,073,142**	**63,725,713**	**87,346,991**
HISTORICAL COST				
Rental income	10,030,995	611,664	-	-
Exchange gain/(loss)	37,368,814	14,291,697	37,368,814	14,291,697
Scrap and services sales	-	(244,580)	-	(244,580)
Sundry income	1,242,322	146,908	1,047,007	80,614
Dividend received	981	195,567	981	195,567
Profit on disposal of property, plant and equipment	2,424,325	59,990	2,424,325	59,990
	51,067,437	**15,061,246**	**40,841,127**	**14,383,288**

Notes to the Consolidated Financial Statements / continued

for the Year Ended 31 December 2020

20 Administration expenses

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Advertising and promotions	9,288,358	5,642,314	9,288,358	5,642,314
Audit fees	7,062,022	2,720,779	6,872,083	2,706,159
Bad debts	-	-	-	-
Allowance for credit losses	204,202,275	590,271	204,295,279	590,271
Bank charges	59,505,348	36,791,705	59,458,047	36,769,778
Communication	1,688,796	1,925,181	1,688,796	1,925,181
Computer printing and stationery	4,711,246	3,431,644	4,711,246	3,431,644
Corporate social investment		-		-
Depreciation	12,941,767	4,778,818	7,398,512	4,247,558
Director' fees	3,514,319	2,228,941	3,514,319	2,228,941
Insurance	7,811,158	3,283,615	7,301,385	2,967,447
Licenses and levies	11,332,299	2,017,868	11,332,299	2,017,868
Property expenses	1,809,937	82,607	2,513,307	82,607
Professional and subscriptions	16,830,188	230,739	16,830,188	230,739
Training and recruitment	797,072	2,127,314	797,072	2,127,314
Travel and accommodation	3,964,195	3,533,342	3,964,195	3,533,342
Utilities	2,144,649	527,487	697,089	527,487
Staff	350,691,388	86,276,744	350,688,588	86,276,744
Other costs	20,389,632	27,378,648	18,476,962	28,262,623
	718,684,649	**183,568,017**	**709,827,725**	**183,568,017**
HISTORICAL COST				
Advertising and promotions	6,780,679	924,068	6,780,679	924,068
Audit fees	5,236,338	464,496	5,109,525	462,000
Bad debts		-		-
Allowance for credit losses	204,475,466	131,585	204,475,466	131,585
Bank charges	48,355,679	4,525,344	48,322,903	4,522,647
Communication	1,182,661	197,413	1,182,661	197,413
Computer printing and stationery	3,055,646	351,119	3,055,646	351,119
Corporate social investment	-	-	-	-
Depreciation	8,996,471	930,553	5,058,555	827,104
Director' fees	2,218,786	216,349	2,218,786	216,349
Insurance	5,721,961	323,679	5,415,881	292,513
Licenses and levies	4,886,432	146,827	4,886,432	146,827
Property expenses	972,035	78,952	1,717,947	59,320
Professional and subscriptions	7,716,803	676,243	7,716,803	676,243
Training and recruitment	472,387	341,855	472,387	341,855
Travel and accommodation	3,262,774	451,903	3,262,774	451,903
Utilities	1,003,242	76,854	449,947	33,304
Staff	305,265,061	10,277,492	305,262,375	10,277,492
Other costs	15,206,225	1,551,301	13,707,074	1,545,831
	624,808,646	**21,666,033**	**619,095,841**	**21,457,573**

21 Profit before tax

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Profit before tax for the year has been arrived at after charging the following:				
Depreciation	100,783,129	74,600,618	95,535,826	71,932,068
Staff costs	350,691,388	86,276,744	350,688,588	86,276,744
HISTORICAL COST				
Profit before tax for the year has been arrived at after charging the following:				
Depreciation	67,544,814	7,076,337	64,431,619	8,136,973
Staff costs	305,265,061	10,277,492	305,262,375	10,277,492

Notes to the Consolidated Financial Statements / continued

for the Year Ended 31 December 2020

22 Income tax

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
22.1 Current tax:				
Current income tax	(1,107,494)	-	-	-
Deferred tax movement	(32,635,815)	(182,858,718)	(28,119,452)	(127,275,035)
Income tax	**(33,743,309)**	**(182,858,718)**	**(28,119,452)**	**(127,275,035)**
Tax reconciliation:				
Profit before tax	361,129,050	336,689,931	639,395,770	347,737,476
Tax at standard rate - 24.72%	(89,271,101)	(86,697,661)	(158,058,634)	(89,542,400)
Adjusted for:				
Effects of expenses not deductible for tax	(33,369,655)	(51,781,357)	(33,369,655)	(32,931,536)
Effects of other permanent differences	88,897,447	(44,379,700)	161,088,374	(4,801,099)
Effective tax	**(33,743,309)**	**(182,858,718)**	**(28,119,452)**	**(127,275,035)**
HISTORICAL COST				
22.2 Current tax:				
Current income tax	(1,107,494)	-	-	-
Deferred tax movement	(163,409,491)	(21,265,095)	(140,613,607)	(16,712,323)
Income tax	**(164,516,985)**	**(21,265,095)**	**(140,613,607)**	**(16,712,323)**
Tax reconciliation:				
Profit before tax	**751,845,846**	**122,614,185**	**951,612,354**	**103,612,438**
Tax at standard rate - 24.72%	(193,600,305)	(31,573,153)	(235,238,574)	(26,680,203)
Adjusted for:				
Effects of expenses not deductible for tax	(40,188,951)	4,798,096	(40,188,951)	(5,505,984)
Effects of other permanent differences	69,272,271	5,509,962	134,813,917	15,473,864
Effective tax	**(164,516,985)**	**(21,265,095)**	**(140,613,607)**	**(16,712,323)**

23 Earnings per share

Basic earning basis
The calculation is based on the profit attributable to ordinary Shareholders and the number of shares in issue at the end of the year which participated in the results of the Group.

Diluted earnings basis
The calculation is based on the profit attributable to ordinary Shareholders and the number of shares in issue after adjusting to assume conversion of share options not yet exercised.

Headline earnings basis
The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the Company is based on the following data:

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Earnings				
Profit attributable to the equity holders	327,385,741	153,831,213	604,457,022	220,462,437
Net earnings from operational and capital investment activities	869,325,181	129,000,566	907,901,971	267,971,593
Number of shares				
Weighted average number of shares in issue used in the determination of:				
Basic	241,653,707	241,653,707	241,653,707	241,653,707
Diluted	241,653,707	241,653,707	241,653,707	241,653,707
Headline	241,653,707	241,653,707	241,653,707	241,653,707
Profit per share (ZWL cents):				
Basic	135.48	63.66	250.13	91.23
Diluted	135.48	63.66	250.13	91.23
Headline	359.74	53.38	375.70	110.89

Notes to the Consolidated Financial Statements / continued
for the Year Ended 31 December 2020

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
HISTORICAL COST				
Earnings				
Profit attributable to the equity holders of the Company	587,328,861	101,349,090	810,998,747	86,900,115
Net earnings from operational and capital investment activities	284,190,066	129,000,566	329,617,775	25,915,814
Number of shares				
Weighted average number of shares in issue used in the determination of:				
Basic	241,653,707	241,653,707	241,653,707	241,653,707
Diluted	241,653,707	241,653,707	241,653,707	241,653,707
Headline	241,653,707	241,653,707	241,653,707	241,653,707
Profit/(Loss) per share (ZWL cents):				
Basic	243.05	41.94	335.60	35.96
Diluted	243.05	41.94	335.60	35.96
Headline	117.60	53.38	136.40	10.72

24 Retirement benefit costs

Pension funds
The Group's operations and all permanent employees contribute to one of the funds detailed below:-

24.1 Masimba Holdings Limited Retirement Fund

All entity employees with the exception of those participating in the funds detailed in 24.2 below are members of this Fund administered by Old Mutual. The Fund is a defined contribution scheme. All members joining the Fund automatically participate on the defined contribution pension benefit basis.

As at 31 December 2020, there were 78 (2019: 68) members in the scheme.

24.2 Construction Industry Pension Fund

This Fund is a defined contribution scheme and encompasses employees generally subject to an industrial agreement.

24.3 National Social Security Authority (NSSA)

The entity and its employees contribute to NSSA. This is a social security scheme promulgated under the National Social Security Act 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

24.4 Pension costs recognised as an expense for the year

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Masimba Holdings Limited Retirement Fund	3,993,071	8,919,707	3,993,071	8,919,707
National Social Security Authority	1,462,286	6,842,531	1,462,286	6,842,531
Other Funds	1,038,986	1,874,222	1,038,986	1,874,222
	6,494,343	**17,636,460**	**6,494,343**	**17,636,460**
HISTORICAL COST				
Masimba Holdings Limited Retirement Fund	1,830,755	605,996	1,830,755	605,996
National Social Security Authority	788,174	464,875	788,174	464,875
Other Funds	341,916	127,333	341,916	127,333
	2,960,845	**1,198,204**	**2,960,845**	**1,198,204**

25 Capital commitments

Capital expenditure authorised, but not contracted for, is ZWL56,592,565 (2019: ZWL9,443,322). The expenditure is to be financed from internal resources and existing facilities.

Notes to the Consolidated Financial Statements / continued
for the Year Ended 31 December 2020

26 Directors' interests

The Directors directly/indirectly hold the following number of shares in the Company:

		Group		Company	
Director's Name		31 Dec 2020 shares	31 Dec 2019 shares	31 Dec 2020 shares	31 Dec 2019 shares
Canada Malunga	Giona Capital (Private) Limited	18,744,160	19,341,960	18,744,160	19,341,960
Paddy Tongai Zhanda	Amalgamated Ventures (Private) Limited	25,318,821	25,318,821	25,318,821	25,318,821
Malcom William McCulloh & Mark Mario Di Nicola	Zumbani Capital (Private) Limited	68,309,081	68,309,081	68,309,081	68,309,081

27 Borrowing powers

Authority is granted in the Articles of Association for Directors to borrow a sum not exceeding 300% of the ordinary Shareholders' funds without the prior sanction of an ordinary resolution of the Company.

28 Insurance cover

In the opinion of the Directors, the Group's assets are adequately insured at full replacement cost of current condition and age of the asset.

29 Contingent Liabilities and Contingent Assets

29.1 The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of the business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material effect on the future financial conditions of the Group.

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
29.2 Bank guarantees in issue as at year end:				
HISTORICAL				
Performance bonds	532,432,519	22,674,500	532,432,519	22,674,500
Advance payment bonds	46,504,785	37,872,787	46,504,785	37,872,787
Retention bonds	279,653,851	1,153,640	279,653,851	1,153,640
	858,591,155	**61,700,927**	**858,591,155**	**61,700,927**

30 Related party disclosures

The Group's related parties include joint ventures, common directorship and key management as described below:

30.1 Related party transactions

			Group		Company	
INFLATION ADJUSTED			2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Related party	**Relationship**	**Nature of transactions**				
Reinforcing Steel Contractors Zimbabwe	Common directorship/ Shareholding	Purchase of goods	15,827,086	29,338,362	15,827,086	29,338,362
Proplastics Limited	Common directorship/ Shareholding	Purchase of goods	13,392,851	14,337,436	13,392,851	14,337,436
Total transactions reported under cost of sales			**29,219,937**	**43,675,798**	**29,219,937**	**43,675,798**
HISTORICAL						
Reinforcing Steel Contractors Zimbabwe	Common directorship/ Shareholding	Sale of goods	7,740,343	1,993,220	7,740,343	1,993,220
Proplastics Limited	Common directorship/ Shareholding	Sale of goods	6,549,864	974,072	6,549,864	974,072
Total transactions reported under cost of sales			**14,290,207**	**2,967,292**	**14,290,207**	**2,967,292**

Notes to the Consolidated Financial Statements / continued
for the Year Ended 31 December 2020

30.2 Year end balances arising from transactions with related parties

Included in the contracts receivables, work in progress, other receivables and trade payables balances are related party balances that resulted from transactions that occurred between Masimba Holdings Limited and its related parties.

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
INFLATION ADJUSTED				
Related party receivables				
Proplastics Limited	10,710,009	62,556,638	10,710,009	62,556,638
Masimba Properties (Zimbabwe) Limited	-	-	68,791,018	-
	10,710,009	**62,556,638**	**79,501,028**	**62,556,638**
Related party payables				
Masimba Properties (Zimbabwe) Limited	-	-	-	10,029,422
	-	**-**	**-**	**10,029,422**
HISTORICAL				
Related party receivables				
Proplastics Limited	10,710,009	-	10,710,009	13,945,308
Masimba Properties (Zimbabwe) Limited	-	-	68,791,018	-
	10,710,009	**-**	**79,501,028**	**13,945,308**
Related party payables				
Masimba Properties (Zimbabwe) Limited	-	-	-	2,235,788
	-	**-**	**-**	**2,235,788**

Balances and transactions between entities within the Group have been eliminated on consolidation and are not disclosed in this note.

30.3 Transactions with key management personnel

Key management of the Group are the executive members of Masimba Holdings Limited's board of directors and senior management personnel. Key management personnel's remuneration include the following expenses:

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Compensation to key management	24,637,200	2,469,060	24,637,200	2,469,060
The remuneration of Directors and key Executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.				
Loans and advances to Directors	1,152,325	1,008,258	1,152,325	1,008,258

Terms and Conditions: The loan amount limit ranges from 100% to 130% of annual salary and is subject to cash flow and Remuneration Committee approval. The annual interest rate is the lower of 50% of minimum Bank lending rate and 150% of the income tax deemed interest rate. The repayment period is six (6) months to two (2) years.

Notes to the Consolidated Financial Statements / continued

for the Year Ended 31 December 2020

31 Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instruments, are disclosed per note 3.

(b) Categories of financial instruments

	Group		Company	
Financial Assets	**2020 ZWL**	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
Cash and cash equivalents	237,916,435	11,825,920	235,530,479	11,669,789
Loans and receivables and contract receivables	2,734,025,282	172,441,262	2,732,042,294	171,680,139
Financial assets carried at fair value	162,234,045	11,955,332	162,234,045	11,955,332
Financial liabilities				
Borrowings and payables	2,973,536,338	200,001,919	2,889,402,772	185,335,136

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities approximate the carrying values in the statement of financial position as at 31 December 2020.

32 Financial risk management

The entity's financial liabilities comprise bank loans and overdrafts and trade and other payables. The main purpose of these financial instruments is to raise finance for the entity's operations. The entity has various financial assets such as trade receivables, cash and short term deposits which arise directly from its operations. The entity does not use derivative financial instruments in its management of foreign currency risk. Derivative financial instruments are not held or issued for trading purposes.

The main risks arising from the entity's financial instruments are cash flow risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. Senior Executives of the Group meet on a regular basis to review and agree on policies to manage each of these risks. Treasury management strategies together with currency and interest rate exposures are re-evaluated against revised economic forecasts. Compliance with the Group policies and exposure limits are reviewed at Audit and Compliance Committee meetings.

32.1 Foreign exchange risk management

The Group undertakes certain transactions denominated in currencies other than the ZWL hence exposure to exchange rate fluctuations arises.

	2020		2019	
	Foreign Balance	**ZWL Equivalent**	**Foreign Balance**	**ZWL Equivalent**
Bank balances	149,377	12,217,032	55,779	961,199
Debtors	107,658	8,805,009	521,289	8,982,953
Creditors	347,844	28,448,958	(228,997)	(3,946,127)
Total	**(90,809)**	**(7,426,917)**	**348,071**	**5,998,025**

Given the amounts and types of currency held, the Group has no significant exposure to foreign currency risk at year end.

Fair values of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements. Assets and liabilities denominated in currencies other than the ZWL which were on hand at the statement of financial position date have been valued for the purpose of these financial statements at official rates of exchange as the Directors are of the opinion that the official rate fairly reflects the value of such assets and liabilities for accounting purposes.

32.2 Interest risk

The entity's treasury policy limits exposure to interest rate fluctuations by adopting a non-speculative approach to managing interest rate risk and only deals in approved financial instruments. Implementation of treasury policy ensures limited exposure to funding instruments while investment instruments are those which provide risk free returns at variable interest rates and mature within one year.

32.3 Credit risk

Financial assets which potentially subject the entity to concentration of credit risk consist principally of cash, short-term deposits and trade receivables. The entity's surplus cash equivalents and short-term deposits are placed with high quality creditworthy financial institutions. The trade receivables are presented net of the allowance for credit losses and comprise a large, widespread customer base and the Group monitors the performance and financial condition of its customers so that the exposure to bad debts is not significant.

32 Financial risk management (continued)

32.4 Liquidity risk

The entity monitors its risk of shortage of funds using a liquidity planning tool. The entity considers the maturity of both its financial investments and financial assets (e.g. receivables) and projected cash flows from operations. The entity's main object is to maintain short term bank loans at a manageable level.

32.5 Capital risk management

The entity manages its capital structure to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of debt and equity.

The capital structure of the entity consists of debt, which includes borrowings and finance leases as disclosed in Note 12 and 13 respectively, interest bearing borrowings and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group's Audit and Compliance Committee reviews the capital structure on a quarterly basis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Committee, the entity will balance its overall structure through payments of dividends, new share issues and share buy backs as well as the issue of new debt or the redemption of existing debt.

33 Critical accounting estimates and judgments

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below:

Revenue recognition and contract accounting

The entity uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:

- The estimation of costs to completion and the determination of the percentage of completion;
- The recoverability of under claims;
- The recognition of penalties and claims on contracts: and
- The recognition of contract incentives.

Management is satisfied that at year end the Company met its performance obligations under contracts and the recognition of revenue is appropriate.

Other estimates made

The entity also makes estimates for:

- The calculation of the provision for credit losses. In determining recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group therefore recognises an allowance for credit losses against receivables on a case by case basis.
- The determination of useful lives and residual values of items of property, plant and equipment. (Refer to property, plant and equipment accounting policy note 3.7)
- The determination of the fair value of share options. (Refer to note 11).

34 Joint Operations

Details of material joint operations

	Principal Activity	Place of incoporation and principal place of business	Proportion of ownership interest voting rights held by Masimba	
			December 2020 %	December 2019 %
Masimba Holdings Limited Zimbabwe and Kuchi Construction (Private) Limited	NUST Library	Zimbabwe	50	50
Masimba Holdings Limited Zimbabwe and Tencraft (Private) Limited	Tuli River Bridge	Zimbabwe	50	50

The above joint operations are accounted for using the proportional consolidation method in these consolidated financial statements.

Notes to the Consolidated Financial Statements / continued
for the Year Ended 31 December 2020

34 Joint Operations (continued)

The summarised financial information in respect of the Group's joint operations is set out below:

	Group		Company	
	2020 ZWL	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
INFLATION ADJUSTED				
Non-current assets				
Current assets	2,892,730	1,414,709	2,892,730	1,414,709
Current liabilities	(1,025,168)	(501,365)	(1,025,168)	(501,365)
The above amounts of assets and liabilities include the following:				
Cash and cash equivalent	-	-	-	-
Short term investments	-	-	-	-
Revenue				
Profit for the period	-	383,288	-	383,288
The above profit for the year includes the following items:				
Depreciation and amortisation	-	-	-	-
HISTORICAL				
Non-current assets				
Current assets	315,371	315,371	315,371	315,371
Current liabilities	(111,766)	(111,766)	(111,766)	(111,766)
The above amounts of assets and liabilities include the following:				
Cash and cash equivalent	-	-	-	-
Short term investments	-	-	-	-
Revenue				
Profit for the period	-	-	-	-
The above profit for the year includes the following items:				
Depreciation and amortisation	-	-	-	-

35 Going Concern

The Directors have assessed the ability of the entity to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the entity to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

36 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 14 April 2021.

37 The Coronavirus pandemic (COVID-19)

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The extent of the impact of COVID-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, employees and vendors all of which are uncertain and cannot be reasonably estimated at this time.

Shareholders' Analysis

Shareholder Spread

Range	Number of Shareholder	% of Holders	Holdings	% of Issued Shares
1-500	243	23.16	39,668	0.02
501-1,000	131	12.49	94,349	0.04
1001-5,000	309	29.46	809,574	0.34
5,001-10,000	117	11.15	835,780	0.35
10,001-50,000	140	13.35	2,973,521	1.23
50,001 and over	109	10.39	236,900,815	98.02
	1,049	**100.00**	**241,653,707**	**100.00**

Major Shareholders- Top 10

Rank	Shareholder	Number of Shares	% of Total
1	Zumbani Capital (Private) Limited	68,309,081	28.27
2	Old Mutual Life Assurance Company of Zimbabwe Limited	42,814,860	17.72
3	Akribos Wealth Managers Nominees	33,075,486	13.69
4	Amalgamated African Ventures (Private) Limited	25,318,821	10.48
5	Giona Capital (Private) Limited	18,744,160	7.76
6	Mega Market (Private) Limited	12,878,665	5.33
7	Stanbic Nominees (Private) Limited	9,268,065	3.84
8	Standard Chartered Nominees (Private) Limited	4,299,672	1.78
9	National Social Security Authority	2,650,513	1.10
10	Masimba Holdings Limited	2,265,600	0.94
		219,624,923	**90.88**

Analysis by Category

	2020 %	2019 %
Bank, insurance companies and nominees	32.56	21.02
Pension funds, Trust/Property companies	8.67	8.94
Resident individuals and other corporate companies	57.11	62.04
Foreign companies	1.66	8.00
	100	**100**

Shareholders' Diary

13 May 2021	Forty Sixth Annual Report to be Published on the Company's Website
28 May 2021	Virtual Forty Sixth Annual General Meeting of Shareholders
27 August 2021	Interim Press Results
12 November 2021	Third Quarter Trading Update
31 December 2021	Financial Year End
March 2022	Preliminary Announcement to Shareholders
April 2022	First Quarter Trading Update
May 2022	Forty Seventh Annual Report to be Published on the Company's Website
May 2022	Virtual Forty Seventh Annual General Meeting

CORPORATE AND ADVISORY INFORMATION

Company Registration Number	278/74
Business Address and Registered Office **Postal Address** **Telephone** **Email** **Website**	44 Tilbury Road, Willowvale, Harare, Zimbabwe P.O. Box CY490, Causeway, Harare, Zimbabwe +263 242 611 641-5 or 611 741-9 enquiries@masimbagroup.com www.masimbagroup.com
Share Transfer Secretaries **Telephone**	First Transfer Secretaries 1 Armagh Road, Eastlea Harare, Zimbabwe +263 242 782 864-72
Auditor	Grant Thornton 135 Enterprise Road Highlands Harare, Zimbabwe
Bankers	Standard Chartered Bank Zimbabwe Limited Africa Unity Square Branch Nelson Mandela Avenue Harare, Zimbabwe FBC Banking Corporation Limited FBC Centre, 45 Nelson Mandela Avenue Harare, Zimbabwe
Lawyers	Atherstone & Cook Legal Practitioners Praetor House 119 Josiah Chinamano Avenue Harare, Zimbabwe

Notice To Shareholders

Notice is hereby given that the forty-sixth Annual General Meeting of Members of Masimba Holdings Limited, for the year ended 31 December 2020, will be held virtually on Friday 28 May 2021 at 1200 hours for the purposes of transacting the following business:

1. ORDINARY BUSINESS

1.1 Approval of Financial Statements and Reports
To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2020, including the Directors' and Independent Auditor's reports thereon.

1.2 Approval of Directors' Fees
Approval of Directors' fees for the year ended 31 December 2020.

Note: In terms of Section 184 of the Zimbabwe Stock Exchange Listing Requirements, the Directors' Remuneration Report shall be available for inspection at the AGM and, thereafter, the Company's registered office.

1.3 Election of Directors

In accordance with Articles 114 of the Company's Articles of Association, Messrs. Gregory Sebborn and Mark Mario Di Nicola retire by rotation at the Company's Annual General Meeting and being eligible offer themselves for re-election. The directors will be elected by separate resolution.

1.4 Dividend
To confirm the declaration of a final dividend of ZWL41.80 cents per share for the year ended 31 December 2020.

1.5 Auditors
1.5.1 To approve the remuneration of auditors for the previous year.
1.5.2 To consider the appointment of Messrs. Grant Thornton as auditors for the ensuing year.

Note: In terms of Section 69(6) of the Zimbabwe Stock Exchange Listing Requirements, Companies must change audit partners every five years and their audit firm every ten years. Grant Thornton Chartered Accountants (Zimbabwe) have been the auditor for the Company for the past five years. They are, therefore, still eligible to be the auditor for the Company.

2. SPECIAL BUSINESS

2.1 Share Buyback
To consider, and if deemed fit, to pass with or without modification of the following special resolution, "That the Company, as duly authorised by section 129 of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements, may purchase its own ordinary shares in such manner or on such terms as the Directors may from time to time determine and provided that:

a) the repurchases are not made at a price greater than five percent (5%) above nor five percent (5%) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange as determined over the five (5) business days immediately preceding the date of the repurchase.
b) the maximum number of shares authorised to be acquired shall not exceed ten percent (10%) of the Company's issued ordinary share capital.
c) This authority shall expire at the next Annual General Meeting and shall not extend beyond fifteen (15) months from the date of this resolution.

Directors' Statement
The Directors, in considering the effect of any such repurchase, will duly take into account the ability of the Company for a period of twelve (12) months, to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and the adequacy of ordinary capital and reserves as well as adequacy of working capital.

Details of the Meeting
Shareholders are advised that the details of the meeting will be available on the Company's website, www.masimbagroup.com, on Thursday 13 May 2021. Alternatively, Shareholders may contact First Transfer Secretaries at 1 Armagh Road, Eastlea, Harare, Zimbabwe.

Audited Financial Statements
The electronic copies of the Company's 2020 Annual Report and the financial statements and Directors' and Independent Auditor's Reports for the financial year ended 31 December 2020 will be available on or before Thursday 13 May 2021. These documents, which will also be available on the Company's website, www.masimbagroup.com, will be emailed to the Shareholders per their email addresses on file.

By Order of the Board

PMutiti

Pearl Mutiti
Company Secretary

6 May 2021

Note: A member entitled to attend and vote at the Annual General Meeting of Shareholders may appoint a proxy to attend and speak and, on poll, vote in his stead. A proxy need not to be a member of the Company. Forms of proxy must be lodged at the Registered Office of the Company or emailed to enquiries@masimbagroup.com not less than forty-eight (48) hours before the time of holding of the meeting.

Proxy Form

For the forty sixth Annual General Meeting to be held virtually on Friday 28 May 2021 at 1200 hours.

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

of………………………………………………………………………………………...……………………………....

being the holder of………………………………………...…………..shares in the Company hereby appoint:

1……………………………...……….of ………………..........................……………………………...... or failing him/her

2……………………………...……….of ………………..........................……………………………...... or failing him/her

3. The Chairman of the AGM

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

Resolutions	For	Against	Abstain
1. Ordinary Business			
1.1 Approval of Financial Statements and Reports To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2020, including the Directors' and Independent Auditor's reports thereon.			
1.2 Approval of Directors' Fees Approval of Directors' fees for the year ended 31 December 2020.			
1.3 Election of Directors In accordance with Articles 114 of the Company's Articles of Association, Messrs. Gregory Sebborn and Mark Mario Di Nicola retire by rotation at the Company's Annual General Meeting and being eligible offer themselves for re-election.			
1.4 Dividend To confirm the declaration of a final dividend of ZWL41.80 cents per share for the year ended 31 December 2020.			
1.5 Auditors 1.5.1 To approve the remuneration of the auditors for the previous year. 1.5.2 To consider the appointment of Messrs. Grant Thornton as auditors for the ensuing year.			
2. Special Business			
2.1 Share Buyback			

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

Signed at……………………..............................……………… on ……………………………….......................................………… 2021

Signature(s)…………………………………………………………………………………..……………………………….....................

Assisted by………………………………………………………………………………………...

Full name(s) of signatories if signing in a representative capacity (see note 2) **(PLEASE USE BLOCK LETTERS).**

………………………………………………………………………………………………...… Notes to the form of proxy

…………………………………………………………………………….…….……...……..

Instructions for signing and lodging this form of proxy

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.

2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of the entire Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.

3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatories.

4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:

   i under a power of attorney
   ii on behalf of a Company

   unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than forty-eight (48) hours before the meeting.

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

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

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

8. To be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company not less than forty-eight (48) hours before the time appointed for the holding of the AGM.

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

10. Please be advised that the number of votes a member is entitled to will be determined by the number of shares recorded on the Share Register by 1600 hours on Thursday 27 May 2021.

OFFICE OF THE TRANSFER SECRETARIES
First Transfer Secretaries (Private) Limited
1 Armagh Road, Eastlea
Harare
Zimbabwe

REGISTERED OFFICE OF THE COMPANY
44 Tilbury Road
Willowvale
Harare

Notes

DESIGN AND LAYOUT BY VPCG

Masimba
HOLDINGS LIMITED

www.masimbagroup.com