



UNIFREIGHT AFRICA LIMITED

Corporate Annual Report

2019



Total Transport & Logistics Solutions



SWI

UNIFREIGHT
AFRICA LTD
CNR ORME / WILLOW
RD NEW ARDBENNIE
NVM 8720 KG
GVM 56000 KG



UNIFREIGHT

AFRICA LTD

We deliver

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Driven towards Excellence

YOUR LOCAL HERO DELIVERING SINCE 1946



2019 ANNUAL REPORT

Trust the logistics company geared for perfect deliveries, always

When excellence in the logistics industry is matched by an impressive nationwide depot network, you know that delivery par excellence is an ideal that has become our norm.

At Swift, excellent service delivery is no longer an idea, it is our identity.

We Deliver



Only Swift has the widest national depot network with 33 depots across Zimbabwe.



Visit **your nearest depot**

Call **08677 000 777** | Visit **swift.co.zw**

NOTICE TO SHAREHOLDERS

NOTICE OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Incorporated in the Republic of Zimbabwe ("Unifreight" or "Company") Registration number: 304/1970

Notice is hereby given that the 50th Annual General Meeting of Shareholders will be held at the Harare Royal Golf Club, 5th Street Extension/Josiah Tongogara Avenue, Harare, on 30th October 2020 at 1000hrs. The virtual link for the meeting will be shared separately to conduct the following business

ORDINARY BUSINESS

1. CONSTITUTION OF MEETING

- 1.1 To table forms of proxy
- 1.2 To declare the meeting constituted.

2. FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS

- 2.1 To consider and adopt the financial statements for the year ended 31 December 2019 together with the reports of the directors and auditors.

3. DIRECTORS' FEES

- 3.1 To approve Directors fees for the year ended 31 December 2019.

4. DIRECTORATE

- 4.1 To re-elect Messrs Peter John Annesley, David Hlatywayo, and Robert Edward Kuipers. In terms of the Section 99 of the Company's Articles of Association, Messrs Peter John Annesley, David Hlatywayo, and Robert Edward Kuipers retire by rotation. All being eligible offer themselves for re-election. The Directors will be elected by a separate resolution.

5. AUDITORS

- 5.1 To approve the remuneration of the auditors for the past year and to consider the re-appointment of EY Chartered Accountants (Zimbabwe) as auditors for the year ending 31st December 2020.

6. DIVIDEND

- 6.1 To approve the final dividend of 7.04 cents per share as proposed by the Directors.

7. Any other Business

Any other business that may be transacted at an Annual General Meeting.

FORM OF PROXY

A form of proxy, in which are set out the relevant instructions for its completion, is attached hereto, for use by such shareholder of the Company who is unable to attend the AGM but who wishes to be represented thereat. Completion of a form of proxy will not preclude such shareholder of the Company from attending and voting (in preference to the appointed proxy) at the AGM.

The instrument appointing a proxy and the authority (if any) under which it is signed must be received by the Company's transfer secretaries or at the Company's registered offices (Attention: The Company Secretary) at the addresses given below no later than 48 (forty-eight hours) before the time appointed for the holding of the AGM.

TRANSFER SECRETARIES

First Transfer Secretaries (Private) Limited
No 1 Armagh Avenue, Eastlea
Harare

REGISTERED OFFICE OF THE COMPANY

Unifreight Africa Limited
Corner Orme/ Willow Roads
Southerton, New Ardbernie Harare

By Order of the Board



Moreblessing T Mukamba
Company Secretary

01 October 2020

UNIFREIGHT AFRICA VALUES

VISION

To be the major freight distribution and logistics company in Zimbabwe and the Southern African region.

MISSION

We are the logistics market leaders providing a full range of value distribution solutions throughout Zimbabwe. We do this by having a passionate and inspired culture of “going the extra mile”, thereby creating value and exceptional service for all our stakeholders.



Value Statement

"WE SOLVE PROBLEMS
by
DELIVERING ON OUR PROMISES
with
UNITED FOCUSED TEAMWORK
through
OFFERING LOGISTICS SOLUTIONS"

"WE DELIVER"

Honesty

Honesty is what our reputation is built on, both in the words we speak and the actions we take. We deliver our service consistently in an open, transparent, straightforward, reliable and ethical way.

We see honesty as more than just telling the truth – it is acknowledging reality and facts, and seeing things as they are, not as we perceive them to be.

Our pledge is to continually strive to be a trustworthy entity in our community, country and region by promoting honesty and renouncing immoral practises.

Accountability

Building and living a culture of accountability is the founding principle of our business ethos. Accountability works in all directions with unity of purpose. We hold ourselves and each other responsible to deliver on our promise, continually earning our place as a trusted and honourable part of our community.

Teamwork

Teamwork is intrinsic to our business and glues together our many operating functions and wide depot network. Building on the synergies, skills, strengths and diversity of our team makes us a cohesive unit that is far greater than the sum of its parts, and ensures we consistently deliver a world class product regardless of the environment and challenges we may face.

Going the Extra Mile

We aim to exceed all expectations by going beyond the call of duty, showing initiative and breaking the boundaries of mediocrity, to ensure our team and customers are presented with extraordinary results and exceptional value.

Commitment

We are committed to ensuring delivery of quality service on time, every time, to our valued customers in an ethical and profitable manner. We commit to creating an environment where we can grow mutually beneficial, long term relationships with all our partners, and where our work and our brand becomes a guarantee of excellence. We agree to, and uphold our Code of Honour.

CORPORATE INFORMATION

The Company is incorporated in Zimbabwe with its subsidiaries operating in Zimbabwe.

BUSINESS

The Group's core business is transport and logistics, offering freight and courier services.

MAIN BOARD

P. J. Annesley (Chairman)

B. N. Ndebele

C. A. Amira

*** Executive Director**

MAIN BOARD

S. L. Rudland

D. Hlatywayo

R. E. Kuipers* (Chief Executive Officer)

MAIN BOARD COMMITTEES

AUDIT, FINANCE AND RISK COMMITTEE

D. Hlatywayo (Chairman)

P.J. Annesley

B. N. Ndebele

R. E. Kuipers*

*** (by invitation)**

HUMAN RESOURCES AND REMUNERATION COMMITTEE

C. A. Amira

S. L. Rudland

R. E. Kuipers*

***(by invitation)**

NOMINATIONS COMMITTEE

P. J. Annesley (Chairman)

C. A. Amira

ADMINISTRATION

SECRETARIES

First Transfer Secretaries (Private) Limited

No 1 Armagh Avenue

Eastlea

Harare

REGISTERED OFFICES

Corner Orme/Willow Roads, Southerton Harare

Telephone: (+263) 4 621 015-21 or 08677000777

Email: solutions@unifreight.co.zw

Website: www.unifreight.co.zw

AUDITORS

EY Chartered Accountants (Zimbabwe)

Angwa City

Cnr Julius Nyerere / Kwame Nkrumah Avenue

Harare, Zimbabwe

PRINCIPAL BANKERS

Nedbank Zimbabwe limited

14th Floor Old Mutual center,

Cnr 3rd Street/ Jason Moyo

NMB Bank Limited

1st Floor Unity Court

Kwame Nkrumah Ave/ 1st Street

Harare, Zimbabwe

COMPANY SECRETARY

Moreblessing T Mukamba

BOARD OF DIRECTORS



Peter John Annesley - (Non Executive Director) Board Chairman

Peter John Annesley has over 20 years experience in financial services as well as business advisory services. Peter has held positions in executive capacity. He holds a Master's Degree in Business Administration from the University of Cape Town School of Business. Peter has participated in corporate and investment banking, creation of financial instruments and capital raising initiatives, property development and infrastructure funding. He is a citizen of and resides in Zimbabwe.



Christopher Dimitri Amira - (Non Executive Director)

Chris Amira was born in Zimbabwe, attended Prince Edward School and obtained an Honours degree in Agriculture from the University of Zimbabwe. He has had over 30 years' experience with leading business in Zimbabwe, Zambia, Tanzania and Mozambique. Currently, Chris is self-employed and sits on a number of Company boards within Zimbabwe and the region. He is a citizen and resident of Zimbabwe.



Sarah Leigh Rudland - (Non Executive Director)

Sarah is a Zimbabwean citizen who studied culinary arts, marketing and project management in Cape Town. She then joined Scania Southern Africa and worked in all the departments covering production, marketing, sales and accounting thus amassed greater knowledge of transport and logistics services. Sarah is a successful restaurant owner in Harare with a firm foundation in the transport industry.



Belmont Njabulo Ndebele - (Non Executive Director)

Belmont has over 20 years of banking and financial services sector experience 15 of which have been held in an executive capacity. He holds a Masters of Science and a Bachelor of Science Honours degree in Economics from the University of Zimbabwe.

He also holds various qualifications in Leadership, Strategy, Corporate Governance, Treasury, Trade and Structured Finance. He also sits on the boards of various listed and non-listed entities in Zimbabwe. He also serves on the Advisory board of a world renowned university based in India. He is a citizen of and resides in Zimbabwe.



David Hlatywayo - (Non Executive Director)

David Hlatywayo has amassed invaluable experience in the corporate field. David started his professional career in 1974 when he joined Chibuku Breweries as a Clerk. He rose through the ranks to Regional Accountant and left in 1980. He joined Leer Packaging Limited as a Financial Accountant until 1983 when he left to join the Unifreight Group. He held the position of Group Financial Accountant until 1984 when he was promoted to Group Financial Controller and Company Secretary. He was then promoted to Finance Director in 1988 and Group Chief Executive Officer in 2008. David retired in 2012, wherein he started his own company in steel trading and fabrication. David holds various qualifications including a Masters Degree in Business Administration. He is a business consultant with special emphasis in the hospitality, dairy, transport and agriculture and construction industries, financial models and systems procedures. He is a citizen of and resides in Zimbabwe.



Robert Edward Kuipers - (Group Chief Executive Officer)

Robert Edward Kuipers was born in Zimbabwe and educated at Falcon College. He attended the University of Pietermaritzburg, reading for a Bachelor of Commerce Degree. After some overseas travel, he went on to do Honours in Accounting, and articles with KPMG. He passed the ICAZ Board Exams on his first attempt. Rob, then worked as the Finance Manager for a large agro-business, Butler Farms. Rob then joined Pioneer Transport. As the Finance Director he took the Company through the reverse listing process from Pioneer Transport (Private) Limited into the ZSE listed Clan Holdings Limited. He then left to run his own companies in the Southern African Region. Rob returned to Zimbabwe in 2010 and joined Swift Transport as the Managing Director. He was appointed Chief Operating Officer in 2014 and Chief Executive Officer in November 2015.



GROUP STRUCTURE

Continuing Operations

Unifreight Africa Limited

Holding Company and Zimbabwean operating company, branded principally as Swift and Bulwark.

Trek Transport (Private) Limited t/a Skynet Worldwide Express *

International Courier Service

Clan Properties (Private) Limited, Kirkman & Kukard (Private) Limited, Birmingham Road Property (Private) Limited*

Property owning companies

Corporate

Birmingham Investments (Private) Limited - Investment Company*

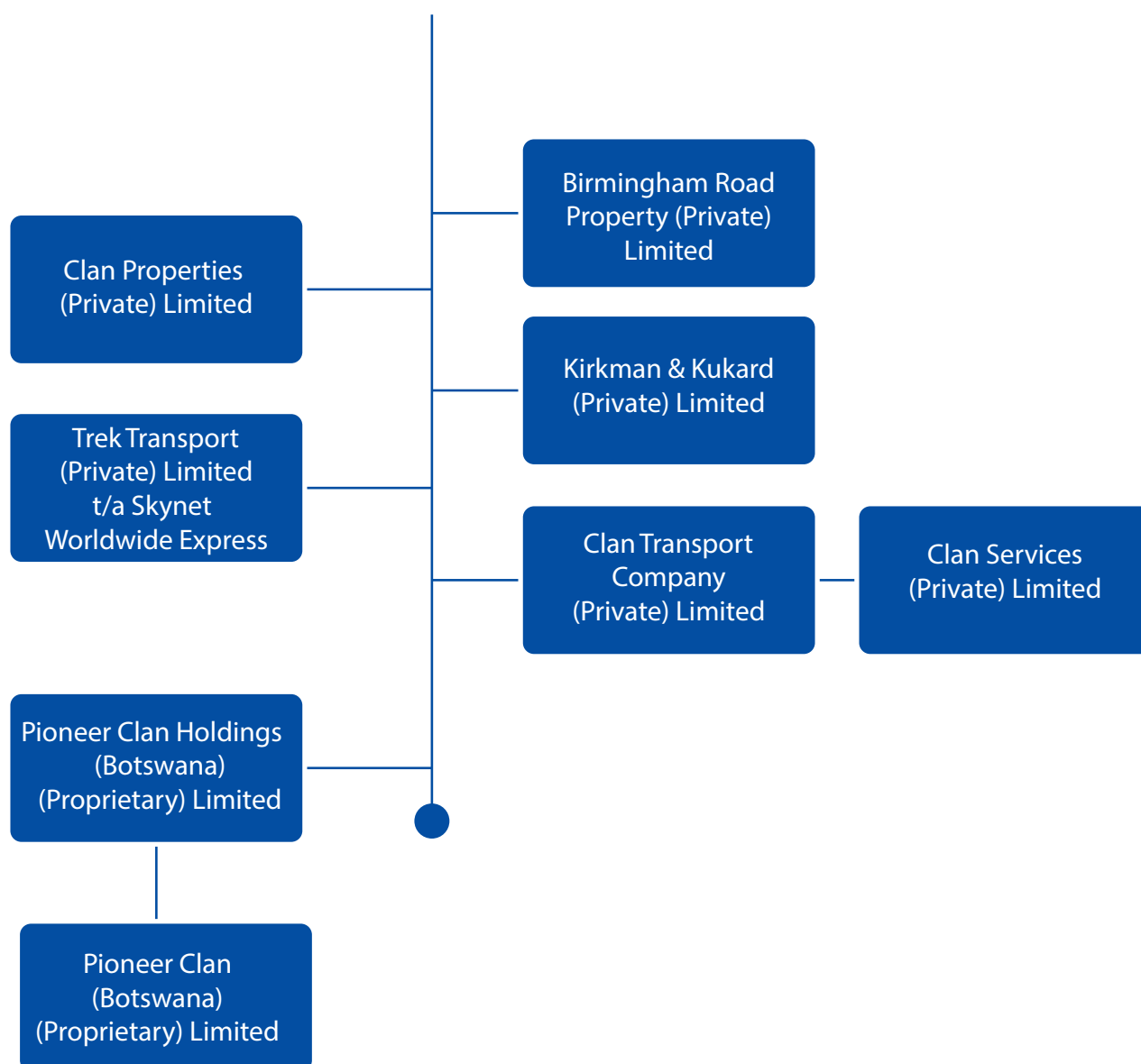
Clan Services (Private) Limited - Investment Company*

Pioneer Clan Holdings (Botswana) (Proprietary) Limited - Investment Holding Company*

Clan Transport Company (Private) Limited - Investment Company*

Tredcor Zimbabwe (Private) Limited - Investment Company

*All subsidiaries are 100% owned by Unifreight Africa Limited (2018:100%)



CORPORATE SOCIAL RESPONSIBILITY

“Trucks moved well over a 1000 tonnes of aid from all across Zimbabwe to the central hubs in Harare and then on to the affected areas.”

CYCLONE IDAI 2019

Cyclone Idai made landfall on the Mozambique coast on the 14th of March 2019, it struck Zimbabwe with full force on the 15th of March 2019, its effects compounded by El Nino induced drought being experienced in the region.

The effects of Cyclone Idai were felt by 270,000 people in the Chimanimani and Chipinge Districts which were hardest hit in Zimbabwe, with a State of Emergency being declared.

The storm, which brought with it gale force winds and torrential rains resulting in flooding, landslides, mudflows and rockfalls, left 340 people dead and 344 missing and many families displaced and homeless. Livelihoods in medium scale enterprises like agricultural plantations, horticulture, timber industry, mining and retail shops were all seriously affected. Agricultural fields, schools, tertiary institutions and basic infrastructure were destroyed or suffered heavy impacts.

Cyclone Idai isolated some villages for several days. The cyclone is responsible for 90% of the road works in Chimanimani and Chipinge needing repair with an estimated 584 kms of road damaged by mudslides and rockfalls.

Unifreight answered the call for help immediately. Trucks moved well over a 1000 tonnes of aid from all across Zimbabwe to the central hubs in Harare and then on to the affected areas.

Every day, for a period of ten days at least two 30 tonne rigs left Harare packed with aid, destined for Mutare and then further dispatched if necessary to Chiredzi and Chipinge. Donated freight arrived at every single one of our depots all around the country and it all moved at no charge.

Organisations of all sizes got involved and donated blankets, mattresses, water, medicines and food packs. The public donated tonnes of clothes. It was a sight to behold, the generosity of items gifted and the time given freely by volunteers will never be forgotten. To have played a vital role in the relief effort will forever be part of the Unifreight legacy.



CHAIRMAN'S STATEMENT

We continue to build a solid foundation, and have adapted our model to be able to show steady growth

Overview

2019 was an exciting year for the Group as it ushered in a definitive leadership change within Unifreight Africa Limited whereby the composition of the Board was markedly realigned with new blood. Patrick Chingoka retired from his position as Chairman after 20 years along with the retirement of Tom Taylor, Clever Matigimu and Gary Smith as Board Members – on behalf of the new Board I would like to thank Patrick, Tom, Clever and Gary for their valuable contributions over the years. This Board passed on a well-seasoned management team and solid foundation which will chart a reassuring course through turbulent and uncertain waters. Given the results we were able to produce under the circumstances, I am confident that we indeed have a solid foundation and the right team in place.

Financial performance

Historical Group revenue of ZW\$ 136.3 million and net profit of ZW\$ 26.6 million (Inflation adjusted: 296.2 million and 3.8 million respectively) are up 400% and 2200% respectively on last year, which although good, forces us to acknowledge that the ZW\$ figures are quite meaningless.

More meaningful, is that in volume terms, our total tonnage in 2019 was only 13.8% down on prior year which is good, considering most business volumes were down more than 50%, this was partly by design and we were only 4.2% down on budget. Our internally calculated net profit in USD terms, translated to a healthy US\$ 2.037 Million Net Profit, with a very healthy Net Profit Percentage of 17.2% vs an industry norm of +/- 7.5%.

Outlook

Under the circumstances the Board is relatively happy with progress achieved during the period under review, particularly the acquisition of new revenue earning equipment, and the growth in the balance sheet in real terms, however we are under no delusion of the difficulties that lie ahead. The Zimbabwean economy was already under extreme pressure before the emergence of the COVID-19 pandemic and how this has ravaged the global economy. Fortunately we were already prepared for the worst and have managed to survive the first onslaught quite well. We anticipate a very hard long road ahead and we are ready to adapt our business model to the inevitable changes that are coming.



Dividend

The board on 29 May 2020 recommended the declaration of a dividend of 7.04 cents per share, a separate announcement will be made giving details of payment.

Appreciation

On behalf of the Board, I would like to extend my sincere appreciation to our valued stakeholders. I am grateful to my fellow board members for their strategic insight, management and staff for their continued commitment and dedication.

A handwritten signature in black ink, reading 'Peter John Annesley'.

Peter John Annesley
Chairman
12 June 2020

ABOUT THE UNIFREIGHT GROUP

Unifreight Africa Limited is a proudly Zimbabwean corporation. The well-known and trusted brands within Unifreight can boast over 100 years combined experience operating in the transport industry. Unifreight Africa Limited has dominated the Zimbabwean transport industry for 74 years.

The organisation traverses all areas of transport from small parcels, to consolidated shipments and specialised full loads, through premier brand Swift Transport. Fully maintained and monitored contract-hire fleets and tailored transport solutions are managed through specialist brand Bulwark. All international courier and freight services are expertly handled through the SkyNet Worldwide Express brand.

Unifreight Africa Limited is able to provide all its customers with comprehensive end to end transport and logistics solutions. It is a corporation that doesn't just bring transport expertise to the table, but a strategic partnership.

Unifreight is the only logistic-solution company in Zimbabwe that can boast a truly nationwide footprint with 33 depots strategically situated countrywide, guaranteeing delivery and service to any major destination within 48 hours.

With its large fleet of new vehicles, offering safe and secure transport, and its innovative and dynamic approach to problem solving, Unifreight Africa Limited has established contracts with some of the biggest corporations across all industries that are currently operating in Zimbabwe.

Six engineering workshops in selected depots nationwide are staffed with highly skilled personnel who maintain the superiority of the "Unifreight imperative fleet of vehicles" and keeps them running on time. Unifreight has a regionally recognised and reputable driving school, operating for over 45 years, which is not only dedicated to training external drivers, but ensures all Unifreight employees have refresher courses and keep up to code.

Unifreight invests in its personnel, through both in-house and external training. Training staff is viewed as a top priority, affording internal movement laterally and upwards. The organisation prides itself in offering staff opportunities across all departments, throughout the organisation.

Unifreight is a dynamic business. The company understands that external factors can affect businesses across all industries. These factors cannot always be controlled, but Unifreight strives to maintain full control of all Swift, Bulwark and SkyNet processes and procedures to ensure smooth operations for all its customers across every service offering. Unifreight is looking forward to 2020 and the new business opportunities it will find.



CEO'S REPORT



2019 ANNUAL REPORT

I don't think 2019 will be remembered favourably by most Zimbabweans - with raging hyperinflation and free fall devaluation of the currency exacerbated by shortages, which resulted in most companies reporting a reduction in volumes of over 50% and very little light on the horizon to give much hope.

Despite all of this we were able to stick to our chosen path of taking the company from Good to Great and produce some satisfactory results. While we are happy with our reported profit before taxation of ZW\$ 84.044 Million - I don't feel that our inflation adjusted numbers are truly reflective of the performance of the company, or achievement of our main goals this year which were to grow market share, retain volumes and protect shareholder value.

Our internal translation of profit in US\$ terms was US\$ 2.037 Million with a healthy Net Profit percentage of 17% versus a normal industry standard around 7.5%.

Our internal translation of profit in US\$ terms was US\$ 2.037 Million with a healthy Net Profit percentage of 17% versus a normal industry standard of around 7.5%.

R. E Kuipers
Group Chief Executive Officer
12 June 2020

Volumes were down 13.8% on prior year versus a country average closer to 50%, but this was partly by design and gratifyingly we were only 4.2% down on budget. Our strategy for a few years has been to convert more FTL (Full Truck Load) volumes to LTL (Less Than Truck Load) volumes, which is our core business, and what makes us fairly unique in the transport industry in Zimbabwe. While tonnages are slightly reduced, margins are increased and revenues grow.

There is a huge difference between doing one thirty-tonne drop between two points, and thirty, one-tonne drops to thirty different destinations in one day. To put this in perspective, on a daily basis the Swift LTL operation does an average of 1200 drops with an average of 250 kgs each, through our hub and spoke network of 33 Depots. We have been concentrating on doing less 30-tonne drops (FTL) and using this truck capacity to do more smaller (LTL) drops which although much more difficult to achieve, attracts higher margins, and more importantly gives our customers what they need which is to make smaller but more frequent deliveries, which improves their cash-

flow, while still ensuring that there are no lost sales due to goods not being on the shelf.

We were slightly behind on our fleet renewal plan, mainly due to currency shortages and tight cash-flow, as there were limited long term finance options available, but we were still pleased to be able to add 16 more vehicles to our fleet consisting of 5 x Hyundai H100 Trucks, 5 x Scania P310 4x2 Trucks and 6 x UD 7-tonne 4x2 Rigid Trucks.

We continue to explore new technological developments in IT (Information and Technology) and IoT (Internet of Things) that are

moving at such a fast pace now, it is difficult to keep up, but in a way could work in our favour, using late entry advantage to leap-frog into newer, more efficient and cost-effective technology. We are highly sensitive to disruption and the "uberisation" of our industry, but at the same time, there are a great deal of pitfalls and I would rather err on the side of being a "late entrant" in this space too.

We are still quietly confident that we can keep up our momentum and continue to grow. Despite the economy being in a mess further ravaged by the reaction to Covid19. We have managed to create a very solid foundation and have control of our costs evidenced by nearly doubling Profit Before Tax as a percentage of revenue.

While fuel supply and moving forex rates will remain as our major challenges - the biggest threat to our business is still going to be shrinking volumes, where most of our major customers' volumes are down, and purchasing power is worsening. I am positive we can mitigate this by replacing the volumes with new business locally and in the region.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 31 December 2019.

The consolidated financial statements of Unifreight Africa Limited have been prepared in accordance with International Financial Reporting Standards (IFRS's)

Share capital details ordinary shares

Authorised share capital :	140,000,000
Ordinary shares @ \$0.01 each	

Issued and fully paid share capital :	106,474,237
Ordinary shares @ \$0.01 each	

Authorised but unissued shares under the control of the Directors :	33,525,763
Ordinary shares @ \$0.01 each	

Reserves

The movement on Capital and Reserves is reflected in the Statement of Changes in Equity.

Dividend

Members will be asked to approve payment of a final dividend of 7.04 cents per share as proposed by the Directors.

Directors fees

Members will be asked to approve the payment of Directors' fees in respect of the year ended 31 December 2019

Auditors

Members will be asked to approve the remuneration of the Auditors for the past year and re-appoint EY Chartered Accountants Zimbabwe for the current year.

For and on behalf of the Board



P. J. Annesley
Chairman
12 June 2020



M. T. Mukamba
Company Secretary

CORPORATE GOVERNANCE

The importance of effective corporate governance continues to be critical in today's environment, not least due to the global financial crisis, but the need to adapt and evolve in line with stakeholder needs.

The Board continues to promote transparency, integrity and accountability in the running of the day-to-day operations. Policies are continuously reviewed and amended in line with the recommendations provided for in the Zimbabwean Code of Corporate Governance.

Global best practice methods are continuously adopted to ensure sustainability, development and superior results.



The Company Secretary-

Moreblessing Tendai Mukamba

The Company Secretary plays a leading role in good governance by helping the Board and its committees function effectively and in accordance with their terms of reference and best practice.

The Company Secretary is also the interface between the Board and management and in communication with external stakeholders. Moreblessing holds a Bachelor of Law Degree (LLB) and Masters in Business Administration Degree.

She is a duly registered Legal Practitioner and a member of the Law Society of Zimbabwe.

Through various attachments in practice, she amassed invaluable experience in the various fields of law encompassing Corporate and Commercial law, Labour and Employment law, Private law, Law of Contract and Dispute Resolution.

Moreblessing joined Unifreight Africa Limited in January 2012, when she was appointed the Company Secretary.

She is a citizen of and resides in Zimbabwe.

Board Committees

The Board is assisted in the discharge of its responsibilities by a number of Committees which are accountable to the Board. These Committees are chaired by Non Executive Directors who exercise independent judgment.

Board of Directors

The Board has one Executive Director and five Non-Executive Directors, all of whom are independent. The Board meets at least quarterly.

Profiles of the Directors may be found on page 8 of this report. The roles of Chairman and CEO are completely separate and no individual has unfettered control over decision-making.

The Board remains responsible to Shareholders for the setting of strategic direction, monitoring of operational performance and management, risk management processes and policies, compliance and setting of authority levels as well as the selection of new directors. The Board is also responsible for the integrity and quality of communication with stakeholders, including employees, regulators and shareholders. All Directors have direct access to the advice and service of the Company Secretary and to information on the Group's affairs. Each Director is elected by members in a general meeting and must retire by rotation every three years and in the case of new directors, at the expiry of their first year. The Board has approved fees for the coming year, which, as before, are split between a standing quarterly fee and a fee per meeting or Committee meeting attended.

Directors' Interests

Directors of Unifreight Africa Limited are required to advise in writing of any material interest in any contract of significance with the Group or its subsidiaries.

Audit, Finance and Risk Committee

An independent Non Executive Director chairs the Audit and Finance Committee. The Audit Committee has adopted the terms of Reference recommended for an Audit Committee.

In particular it assists the Board in the discharge of its duties relating to financial reporting to all stakeholders, compliance and effectiveness of accounting, business risks and management of information systems.

Human Resources and Remuneration Committee

This Committee was formed early in 2004 and has from its inception been chaired by an independent Non Executive Director. The CEO is invited to its meetings but does not participate in any discussions on his remuneration. The Committee is responsible for setting the remuneration of senior executives and fixing the remuneration packages of individual directors within agreed terms of reference, in order to avoid potential conflicts of interest. The broad guidelines of the Committee are to ensure that the financial rewards offered by the Group to employees are sufficient to attract people of the right calibre required for the effective running of the Group and to produce the required returns to its shareholders.

Nominations Committee

The Nominations Committee's main role is to review, scrutinize and recommend potential members to the Board. This includes selected Board members, wherein it makes recommendations as to their suitability to the Board.



TAILORED FLEET SOLUTIONS

At Bulwark, our purpose is to provide a varied range of resources and equipment for all your logistics needs. We have highly experienced and trained personnel to support your brand through fleet management.

We take pride in serving as excellent brand ambassadors for you, wherever your business takes us.

PASSENGER

COMMERCIAL

INDUSTRIAL

TANKERS



Main Depot

Corner Orme / Willow Road, Ardbennie.
P.O.Box 772 Harare, Zimbabwe

Call **08677 000 777**

Visit **bulwark.co.zw**

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act Chapter (24:03). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities. The management report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the Directors face.

"The Group financial statements are required by Law and International Financial Reporting Standards (IFRS) to present fairly the financial position of the Group and its performance for that period. In preparation of the Group financial statements, the Directors are required to:

- state whether they have been prepared in accordance with IFRS; and
- prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent;"

Compliance with Local Legislation

These financial statements comply with the Companies Act (Chapter 24.03) and Statutory Instruments (SI 33/99, SI 62/99). Further, these financial statements have been prepared to comply with the Statutory Instrument 33 of 2019, issued on 22 February 2019 and the guidance issued by the Public Accountants and Auditors Board (PAAB) on 21 March 2019. Mainly, Statutory Instrument 33 of 2019 specified, among other things, that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars (other than assets and liabilities referred to in section 44C (2) of the Reserve Bank of Zimbabwe Act), shall on and after the effective date, (22 February 2019) be deemed to be valued in RTGS dollars at a rate of one-to-one to the United States Dollar. This Statutory Instrument, based on the Directors interpretation, prescribes parity between the US Dollar and local currency.

Compliance with IFRS

The financial statements are based on current conversion to reflect the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. These Statements are prepared in order to comply with International Financial Reporting Statements (IFRS), (promulgated by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as International Accounting Standards (IAS) and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions).

Pursuant to the recognition of the RTGS dollar as currency in Zimbabwe in February 2019 and as reported in these financial statements the Group adopted the change in functional currency translation guidelines prescribed by Statutory Instrument (S.I.) 33 which prescribed parity between the RTGS dollar and the US dollar for certain balances. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the financial statements for the year ended 31 December 2019 to comply with statutory requirements created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2019 Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRSs.

Going concern

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue to operate as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

Responsibility

The Directors are responsible for preparing the Annual financial statements. The financial statements were prepared by Group Finance Department under the direction and supervision of the Group Finance Executive Mr Lisbon Mhonda (PAAB registration number: 0968).



Chairman



Chief Executive Officer

12 June 2020



Wherever it needs to go, we get it across the globe

With presence in more than 209 countries around the world, including Swift's partner service in Zimbabwe, SkyNet Worldwide Express lets you ship your parcels internationally fast at great prices!

- Courier service
- Air & sea freight
- Warehousing
- Priority security and handling
- Efficient tracking system
- Reliable delivery

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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Unifreight Africa Limited and its subsidiaries (the Group), as set out on pages 24 to 58, which comprise the consolidated statement of financial position as at 31 December 2019, and 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 notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements do not present fairly the financial position of the Group as at 31 December 2019, 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 International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates and the inappropriate application of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

As explained in note 2.1.1 to the inflation adjusted consolidated financial statements, the Group applied the United States Dollar (US\$) as its functional currency for the period 1 January 2018 to 22 February 2019 and the Real Time Gross Settlement Dollar (RTGS\$)/Zimbabwe Dollar (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument (SI) 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out RTGS Foreign Currency Accounts (FCAs) from the Nostro US\$ FCAs during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and their transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS\$ and the US\$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS\$ and the interbank foreign exchange market.

Furthermore, SI 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (ZWL) (which comprises RTGS\$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US\$ to RTGS\$/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the RTGS\$/ZWL as formal currencies supports that there was a change in functional currency from US\$ to RTGS\$/ZWL and that transactions in the market indicated a different exchange rate between the two currencies despite the legal 1:1 RTGS\$/ZWL: US\$ exchange rate and this occurred effective 1 October 2018.

Accordingly, the inflation adjusted consolidated financial statements of the Group include balances and transactions denominated in US\$ that were not converted to RTGS\$/ZWL at a RTGS\$/ZWL: US\$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.1.1 to the inflation adjusted consolidated financial statements.

A member firm of Ernst & Young Global Limited.

INDEPENDENT AUDITOR'S REPORT -continued
TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Basis for Adverse Opinion (continued)

Non-compliance with International Financial Reporting Standards(IFRS): International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates and the inappropriate application of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (continued)

In respect of the above matters we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 2.1.1, was to prospectively apply the change in functional currency from US\$ to RTGS\$/ZWL from 23 February 2019 which we disagree with. The correct approach would have been a retrospective restatement as a prior period error in terms of IFRS: IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

As management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period, the matter is therefore continuing.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 23 February 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21/ IAS 8 as described above. Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different.

As a result of the incorrect application of IAS 8, on the 23rd of February 2019, management translated foreign denominated balances to RTGS\$/ZWL at the rate of 1US\$:3.5RTGS\$ and recognised a foreign currency translation reserve of RTGS\$/ZWL27,967,000 which is contrary to the requirements of IFRS.

As a result of these matters:

- All corresponding numbers remain misstated on the consolidated statement of financial position, 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.
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the consolidated statement of cash flows, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

Our opinion on the current period's consolidated inflation adjusted financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impact on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the consolidated statement of financial position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the statement of financial position the specific accounts and the portions affected by this matter have not been identified/ quantified.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 8 to the consolidated inflation adjusted financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions at a rate of 1US\$: 3.5 RTGS\$ on date of translation and the interbank rates subsequent to that date. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21.

Furthermore, at 31 December 2019 the Group's properties were valued in US\$ and converted to ZWL using the interbank rates outlined in Note 7 to the consolidated inflation adjusted financial statements.

The exchange rates used for the translation of transactions and balances between the US\$ and the RTGS\$/ZWL do not meet the definition of a spot exchange rate as per IAS 21. Had the appropriate rates been used, the following significant accounts would have been affected in a material manner: property, plant & equipment, inventories, cash & cash equivalents, deferred tax liabilities, trade & other payables, revenue and other operating income & expenses.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT -continued TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Basis for Adverse Opinion (continued)

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises of the Chairman's Statement, the Chief Executive Officer's Report, the Directors' Report, the Statement of Corporate Governance and the Directors' Responsibility for Financial Reporting but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chief Executive Officer's Report, the Directors' Report and the Statement of Corporate Governance has been made available to us after the date of this auditor's report.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – *Effects of Changes in Foreign Exchange Rates*. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the reports noted above affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with IFRS and the requirements of the Companies Act (Chapter 24:03), and for such internal controls as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

INDEPENDENT AUDITOR'S REPORT -continued TO THE MEMBERS OF UNIFREIGHT AFRICA LIMITED

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements (continue)

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

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

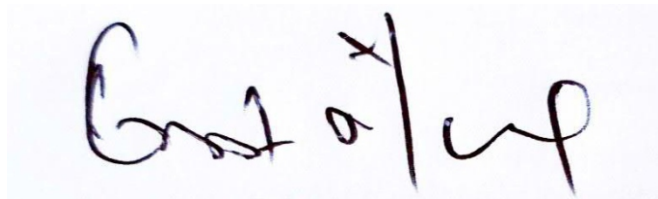
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied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

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

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practicing Certificate Number 132).



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS
HARARE
12 June 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019



		2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
ASSETS	Note		
Non current assets		366,839	129,286
Property, vehicles and equipment	6	232,187	81,563
Investment property	7	116,536	37,679
Deferred Tax Asset	17	-	727
Right of use of asset	9	8,799	-
Intangible assets	8	9,317	9,317
Current assets		81,558	37,461
Inventories	11	45,391	9,752
Trade and other receivables	12	28,020	23,504
Cash and cash equivalents	13	8,147	4,205
TOTAL ASSETS		448,397	166,747
EQUITY AND LIABILITIES			
Equity		324,589	96,030
Share capital	14	6,615	6,615
Share premium	14	12,796	12,796
Non-distributable reserve	14	227,320	-
Equity component of shareholders loans	16	55,475	55,475
Retained Earnings		22,383	21,144
Non current liabilities		87,544	21,492
Loans and borrowings	16	2,970	10,820
Deferred consideration	16	-	1,727
Lease liability	9	2,182	-
Deferred tax liabilities	17	82,392	8,945
Current liabilities		36,264	49,225
Trade and other payables	15	22,851	21,697
Income tax payable	23	6,278	353
Deferred consideration	16	278	1,503
Lease liability	9	70	-
Loans and borrowings	16	6,787	25,672
TOTAL EQUITY AND LIABILITIES		448,397	166,747

These financial statements were approved by the Board on 12 June 2020 and signed on it's behalf by:

P. J. Annesley
Chairman

R. E. Kuipers
Chief-Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Note	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Continuing operations			
Revenue from contracts with customers	5a	296,229	168,512
Operating expenses	20	(224,567)	(143,020)
Movement in expected credit losses	12	(2,296)	43
Other operating income	19	6,396	3,857
Earnings before interest, tax, depreciation and amortisation (EBITDA)		75,762	29,392
Finance costs	22	(4,524)	(6,615)
Depreciation	6, 7, 9	(20,029)	(12,982)
Gain on net monetary position		32,835	-
Profit before taxation from continuing operations		84,044	9,795
Income tax expense	23	(80,267)	(2,739)
Profit for the year from continuing operations		3,777	7,056
Discontinued operations			
Loss for the year from discontinued operations	31	-	(3,641)
Profit for the year		3,777	3,415
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		3,777	3,415
Earnings per share	24		
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)		3.55	3.21
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)		3.55	3.21
Earnings per share for continuing operations			
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)		3.55	6.63
- Diluted, earnings for the year attributable to ordinary equity holders of the parent (cents)		3.55	6.63

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital ZW\$ 000 Inflation Adjusted (note 14)	Share premium ZW\$ 000 Inflation Adjusted (note 14)	Non-distributable reserves ZW\$ 000 Inflation Adjusted (note 14)	Revaluation reserve ZW\$ 000 Inflation Adjusted (note 14)	Equity Portion Of Shareholders loans ZW\$ 000 Inflation Adjusted (note 16)	Retained Earnings ZW\$ 000 Inflation Adjusted	Total equity ZW\$ 000 Inflation Adjusted
Balance as at 1 January 2018	6,615	12,796	35,915	7,653	55,475	(23,977)	94,477
Profit for the year	-	-	-	-	-	3,416	3,416
Dividend	-	-	-	-	-	(1,863)	(1,863)
Reclassification of reserves to retained earnings	-	-	(35,915)	(7,653)	-	43,568	-
Balance as at 31 December 2018	6,615	12,796	-	-	55,475	21,144	96,030
Balance as at 1 January 2019	6,615	12,796	-	-	55,475	21,144	96,030
Effects of first adoption of IFRS 16 Leases	-	-	-	-	-	(233)	(233)
Profit for the year	-	-	-	-	-	3,777	3,777
Change of functional currency	-	-	227,320	-	-	-	227,320
Dividend	-	-	-	-	-	(2,305)	(2,305)
Balance as at 31 December 2019	6,615	12,796	227,320	-	55,475	22,383	324,589

CONSOLIDATED STATEMENT OF CASH FLOWS

as at 31 December 2019

		2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Net cash generated from operating activities		24,385	22,796
Cash generated from operations	26	31,214	31,554
Dividend Paid	25	(2,305)	(1,863)
Interest paid	22	(4,524)	(6,615)
Taxation paid		-	(280)
Net cash utilised in investing activities		(21,280)	(19,175)
Purchase of property, vehicles and equipment to increase operations		(22,087)	(20,076)
Extension of investment properties		(14)	-
Proceeds from sale of property, vehicles and equipment		821	901
Net cash utilised in financing activities		(276)	(5,324)
Proceeds from borrowings	16	6,538	13,752
Principal payment of lease liabilities	9	(382)	-
Repayments of borrowings	16	(6,432)	(19,076)
Increase/(Decrease) in cash and cash equivalents		2,829	(1,703)
Cash and cash equivalents at beginning of year		(6,733)	(4,938)
Net foreign exchange differences		1,761	(92)
Monetary gain		10,290	-
Cash and cash equivalents at end of year	13	8,147	(6,733)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Unifreight Africa Limited (formerly Pioneer Corporation Africa Limited) was incorporated in Zimbabwe in 1970. It is the holding company of a Group of companies primarily involved in the road transport industry whose main activities include inter-city freight consolidations, the distribution of general goods, and a courier service. Swift the Group's principle revenue generating brand turned 70 years in 2016.

The Company is incorporated in Zimbabwe. Other entities in the Group are incorporated in Botswana. The company is listed on the Zimbabwe Stock Exchange.

These Group consolidated financial statements are presented in Zimbabwean Dollars and were authorised for issue by the Board of Directors on 12 June 2020.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB) with the exception to IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in Zimbabwean dollars (ZW\$) and all values are rounded to the nearest 1 000 dollars except where otherwise stated.

The consolidated financial statements are prepared on current cost conversion taking account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. Accordingly, the inflation adjusted consolidated financial statements represent the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 (a) Inflation adjustment

The Public Accountants and Auditors Board (PAAB) in their circular 01/19 communicated that the factors and characteristics to apply IAS 29, Financial Reporting in Hyper-Inflationary Economies had been met in Zimbabwe. The pronouncement require that entities reporting in Zimbabwe apply the requirements of IAS 29 with effect from 1 July 2019.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for the previous period be stated in the same terms. The restatement has been calculated by means of conversion factors derived from the consumer price index. The Group used the following inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Reserve Bank of Zimbabwe:

Period / Month	Factor
Prior year	6.2115
Jan-19	5.6085
Feb-19	5.5163
Mar-19	5.2847
Apr-19	5.0083
May-19	4.4503
Jun-19	3.1957
Jul-19	2.6403
Aug-19	2.2362
Sep-19	1.8996
Oct-19	1.3691
Nov-19	1.1655
Dec-19	1.0000

The main procedures applied for the above-mentioned restatements are as follows:

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 January 2019 being the commencement date of the current financial year

- Monetary assets and liabilities that are carried at amounts current at the balance sheet are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date. Monetary items are money held and items to be recovered or paid in money.

- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders' equity are restated by applying the relevant monthly conversion factors.

- Comparative financial information was converted at a rate of 1:1 (US\$ to ZW\$). An adjusting factor of 6.2115 based on the Consumer Price Index (CPI) was used to hyper-inflate the amounts. As required by IAS 29, the revaluation reserve from prior year was eliminated through retained earnings.

- All items of the income statements are restated by applying the relevant monthly, yearly average or year-end factors.

A net monetary gain has been recognised following the restatements resulting in increase of retained earnings. The Group has adopted a method to show separately monetary gain on investment, operating and financing activities separately from the ones on cash and cash equivalents.

IAS 29 requires that the restated amount of a non-monetary item be reduced, in accordance with the appropriate IFRSs, when it exceeds its recoverable amount. Accordingly, The Group assesses that the restated values of inventory are not above what it expects to realise from the sale of the inventory in the ordinary course of business. The restated carrying of Property, Plant and Equipment is tested for impairment in accordance with the requirements of IAS 36, Impairment of assets.

(b) Statement of compliance

"The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), promulgated by the International Accounting Standards Board (IASB) with the exception to IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency, due to inability of the Group to comply with both IAS 21 requirements and the laws and regulations stemming from Statutory Instrument ("SI") 33. SI 33 recognised RTGS dollars as a currency which was later recognised as Zimbabwean dollars. For accounting purposes, the SI required all assets and liabilities that were, immediately before the effective date, valued and expressed in United States dollars on and after the effective date (22 February 2019) be deemed to be values in RTGS dollars at a rate of one-to-one to the United States dollar. This was in contravention of IAS 21 which requires the exchange rate to be market related. The consolidated financial statements also comply with the Zimbabwe Companies Act Chapter 24:03 and the Zimbabwe Stock Exchange (ZSE) Listing Requirements. The principal accounting policies applied in the preparation of these consolidated annual financial statements are except, where stated consistent with those applied in the previous annual financial statements."

(c) Going concern.

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 31 December 2019, the Directors have assessed that the Group will continue operating as a going concern in the near foreseeable future and believe that the preparation of these financial statements on a going concern basis is therefore still appropriate.

2.1.2 Changes in accounting policies and disclosures.

2.1.2 (a) New and amended standards adopted by the Group

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adopting IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

Assets

Right-of-use assets	11,626
Total assets	11,626

Liabilities

Lease Liability	2,307
Deferred tax liabilities	(59)
Total liabilities	2,248

Total adjustment on equity

Retained earnings	(233)
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Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.16 Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

- Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

- Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use asset of ZW\$11,625,523 was recognised and presented separately in the statement of financial position.
- Additional lease liabilities of ZW\$2,306,910 were recognised.
- Deferred tax liabilities decreased by ZW\$59,079 because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings (ZW\$233,070).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Operating lease commitments as at 31 December 2018	6,503
Weighted average incremental borrowing rate as at 1 January 2019	15.90%
Discounted operating lease commitments as at 1 January 2019	3,041
Less:	
Commitments relating to short-term leases	(734)
	2,307

Lease liabilities as at 1 January 2019

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9 - Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28 - Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long term interests in its associate and joint venture.

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Annual Improvements 2015-2017 Cycle

• IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

• IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

• IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

• IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

2.1.2 (b) New and amended standards/interpretations/amendments in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. The Group will not apply the standard before its effective date. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The implementation of this standard is unlikely to have an impact on the Group.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, and guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. The implementation of this standard is unlikely to have an impact on the Group.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence 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.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

Key requirements

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

"Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument"

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. A fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship. To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value.

The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied. The implementation of this amendment is unlikely to have an impact on the Group.

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The amendments to IAS 39

"The corresponding amendments are consistent with those for IFRS 9, but with the following differences: • For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. • For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform. • For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge."

Transition

The amendments are effective for annual periods beginning on or after 1 January 2020. The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

Impact

In finalising the amendments, the IASB has provided reliefs that are essential to mitigate the hedge accounting issues that could arise during the period of uncertainty before IBOR contracts are amended to new benchmark rates. With phase one completed, the IASB has now shifted its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB's project. The implementation of this standard is unlikely to have an impact on the Group.

Conceptual Framework for Financial Reporting

For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

Purpose

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Key provisions

"The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8."

Impact

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The implementation of this standard is unlikely to have an impact on the Group.

Classification of Liabilities as Current or Non-current

Amendments to IAS 1

This amendment is effective from 1 January 2022. The Group is still assessing the effect of this amendment to the Group's financial statements.

2.2 Consolidation, Business Combinations and Goodwill

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Unifreight Africa Limited and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income and financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

2.2 Consolidation, Business Combinations and Goodwill (continued)

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO who makes strategic decisions.

2.4 Foreign currency translation

(a) Transactions and balances

"Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

The Group adopted 22 February 2019 as the effective date for change of functional currency. SI 33 of 2019 became effective on 22 February 2019 the date it was gazetted. The spot rate as at 22 February 2019 onwards was determined as the market exchange rate at which the company was trading.

(b) Group companies

The results and financial position of all the Group entities (all of which are a currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 Property, vehicles and equipment

Vehicles and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, vehicles and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, vehicles and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Motor vehicles	3 - 15 years
Equipment, furniture and fittings	3 - 10 years

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

An item of property, vehicles and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, vehicles and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both; and that is not occupied by the companies in the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs include those incurred for the purpose of acquiring, constructing or producing a qualifying asset. After initial recognition, investment property is carried at cost less subsequent depreciation and impairment losses.

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Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit and loss in the period of derecognition.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, vehicles and equipment up to the date of change in use.

Investment property comprises land and buildings. Land is not depreciated. Depreciation on buildings is calculated using the straight-line method over 50 years.

Refer Note 2.19 for impairment of investment properties

2.7 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7.1 Financial assets

Initial recognition and measurement

"Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset."

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as Financial assets at amortised cost.

Derecognition

"A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay."

Impairment of financial assets

"Further disclosures relating to impairment of financial assets are also provided in the following notes: • Critical accounting estimates and assumptions - Note 4 • Trade receivables - Note 12 The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages.

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For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group used year on year inflation and Consumer Price Index as forward looking factors for the purpose of calculating ECL. The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows."

2.7.2 Financial liabilities

Initial recognition and measurement

"Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings."

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

"This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans, borrowings and deferred consideration."

Derecognition

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

2.7.3 Offsetting of financial instruments

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

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method for Uniforms and Stationery. Cost of Spares, Fuel, tyres, oils and lubricants is determined using the first in first out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, short-term deposits and bank overdraft, as defined above net of bank overdrafts.

2.10 Share capital

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

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2.11 Current and deferred tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Value Added Tax

Revenue, expenses and assets are recognised net of the amount of value added tax, except:

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

2.12 Employee benefits

(a) Pension obligations

The Group provides for pensions on retirement for all employees by means of a defined contribution pension fund which is administered by a Board of Trustees.

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

(b) Termination benefits.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2.13 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Group's provisions is made up of expenses incurred by the group of which suppliers have not provided invoices.

2.14 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies 2.20 Impairment of non-financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed as lease liabilities (see Note 9).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of land and buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments below ZW\$10 000 are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

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

2.15 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's board of directors.

2.16 Fair value measurement

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability, or In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group."

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

"The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:"

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.17 Fair value measurement (continued)

"For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group's executive committee determines the policies and procedures for both recurring and non-recurring fair value measurement. The executive committee comprises of the Group CEO and heads of the various business units. External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the executive committee after discussion with and approval by the Group's finance and audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The executive committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. At each reporting date, the executive committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the executive committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The executive committee, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable."

On an interim basis, the valuation committee and the Group's external valuers present the valuation results to the finance and audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

2.18 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.19 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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Intangible assets with indefinite useful lives are tested for impairment annually as at financial year end, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.20 Discontinued operations and assets and liabilities held for sale

The Group classifies assets and liabilities as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale or distribution is highly probable and the asset or liability is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, vehicles and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the profit or loss.

2.21 Revenue from contracts with customers

The Group is in the business of providing transport and logistics. Revenue from contracts with customers is recognised when goods are delivered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements.

Transport and logistics services

This revenue can be disaggregated into, transport and courier, dedicated and specialised and International distribution. All these services are provided in Zimbabwe and revenue is recognised at a point in time when delivery is made to the customer. The normal credit term is 14 to 30 days upon delivery. In determining the transaction price, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk(including currency risk, interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group therefore adopts a non-speculative approach in managing risk whilst maximising profits.

Risk management is carried out by the Board's Strategy Committee under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency). The Group hedges this risk by borrowing Zimbabwean dollar denominated loans to finance expenses denominated in a different currency.

As at 31 December 2019, the Group had cash and cash equivalents of USD76 645.10 and 22 064.50 Rands. The following table demonstrates the sensitivity to a reasonable possible change in the US\$ and Rand exchange rate.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2019 and 2018 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges for the effects of the assumed changes of the underlying risk.

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	Change in	Effect
	rates	on profit/ (Loss)
		before tax
2019	+10%	179,667
	-10%	(179,667)
2018	+10%	-
	-10%	-

(ii) Interest rate risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. There is no impact on equity.

The following table demonstrates the sensitivity to a reasonable possible change in the interest rates, the same assumptions used for foreign exchange risk have been applied:

	Change in	Effect
	rates	on Loss
		before tax
2019	1%	32,857
	-1%	(32,857)
2018	1%	437,358
	-1%	(437,358)

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assess the quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set by the Audit and Finance Committee of the Board. The utilisation of credit limits is regularly monitored.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any freight services to major customers are generally covered by service level agreements. At 31 December 2019, the Group had 24 customers (2018: 0) that owed it more than ZW\$200,000 each and accounted for approximately 44% (2018: 0%) of all the receivables and contract assets outstanding. There were 3 customers (2018: 0 customers) with balances greater than ZW\$1 million accounting for just over 27% (2018: 0%) of the total amounts of receivable and contract assets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for all customers. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as high, as its customers are located in one jurisdiction which is faced with deteriorating economy and operate in largely controlled market.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

31 December 2019

	Current 000	30 Days 000	60 Days 000	90 Days 000	120 Days 000	150 Days 000	180 Days 000	Total
Expected credit loss rate	7%	15%	45%	100%	100%	100%	100%	
Estimated total gross carrying amount at default	16,919	4,315	818	173	104	19	76	22,424
Expected credit loss	1,185	647	368	173	104	19	76	2,572

31 December 2018

	Current 000	30 Days 000	60 Days 000	90 Days 000	120 Days 000	150 Days 000	180 Days 000	Total
Expected credit loss rate	1.53%	3.24%	8.42%	16.79%	26.77%	36.41%	100%	
Estimated total gross carrying amount at default	8,947	1,562	-	306	312	175	1,329	12,629
Expected credit loss	140	51	-	51	83	64	1,329	1,716

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3.1(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facility, cash and cash equivalents on the basis of expected cash flow and funds from the major shareholder.

3.1 (c) Liquidity risk

The table below shows the maturity profile of the Group's liabilities based on undiscounted contractual cash flows.

At 31 December 2019	Up to 1 month ZW\$ 000 Inflation Adjusted	2 to 6 months ZW\$ 000 Inflation Adjusted	6 months to 1 year ZW\$ 000 Inflation Adjusted	1 to 5 years ZW\$ 000 Inflation Adjusted	Total ZW\$ 000 Inflation Adjusted
Liabilities					
Trade and other payables	6,056	15,926	869	-	22,851
Deferred consideration	22	113	143	-	278
Lease liabilities	6	28	36	2,182	2,252
Borrowings	594	2,971	3,222	2,970	9,757
Total liabilities	6,678	19,038	4,270	5,152	35,138

At 31 December 2018

Trade and other payables	9,597	6,106	5,994	-	21,697
Deferred consideration	155	596	752	1,727	3,230
Borrowings	1,596	18,082	7,994	8,820	36,492
Total liabilities	11,348	24,784	14,740	10,547	61,419

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is total group borrowings less cash and cash equivalents. Total capital is the sum of Share capital and all reserves of the Group. The gearing ratio at 31 December 2019 was 0% (2018 - 25%).

	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Total borrowings	9,757	36,493
Less: cash and cash equivalents	(8,147)	(4,205)
Net debt	1,610	32,288
Total equity	324,589	96,030
Total capital	326,199	128,317
Gearing ratio	0%	25%

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4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provision for expected credit losses of trade receivables

"The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the transport and logistics industry, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future."

(b) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer note 17 and note 23 for more information on income taxes.

(c) Useful lives and values of property, equipment and vehicles

The Group management determines the estimated useful lives and related depreciation charges for its property, equipment and vehicles and intangible assets. This estimate is based on projected lifecycles for these assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Refer note 6 for the carrying amount of property, vehicles and equipment and accounting policy note 2.5 for useful lives.

(d) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year.

Directors considered the following events or conditions that, individually or collectively, may cast significant doubt about the going concern assumption:

Financial

- Net liability or net current liability position.
- Fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment; or excessive reliance on short-term borrowings to finance long-term assets.
- Indications of withdrawal of financial support by debtors and other creditors.
- Negative operating cash flows indicated by historical or prospective financial statements.
- Adverse key financial ratios.
- Substantial operating losses or significant deterioration in the value of assets used to generate cash flows.
- Arrears or discontinuance of dividends.
- Inability to pay creditors on due dates.
- Inability to comply with other terms of loan agreements.
- Change from credit to cash-on-delivery transactions with suppliers.
- Inability to obtain financing for essential new product development or other essential investments.

Operating

- Shortages of important supplies.
- Loss of key management without replacement.
- Loss of a major market, franchise, license, or principal supplier.
- Labor difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Other

- Pending legal or regulatory proceedings against the entity that may, if successful, result in claims that are unlikely to be satisfied.
- Non-compliance with capital or other statutory requirements.

As at 31 December 2019, the Directors have assessed the Group will continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is therefore still appropriate.

(e) Impairment of intangible and non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cashflow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangible assets with indefinite useful lives recognised by the Group.

(f) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods 'covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered 'by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies 'judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew 'the lease. That is, it considers all relevant factors that create an economic incentive for it to 'exercise either the renewal or termination. After the commencement date, the Group reassesses the lease 'term if there is a significant event or change in circumstances that is within its control and affects its ability 'to exercise or not to exercise the option to renew (e.g., construction of significant leasehold 'improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of land and buildings with 'shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for 'these leases because there will be a significant negative effect on operations if a replacement asset is not 'readily available. The renewal periods for leases of land and buildings with longer non-cancellable periods '(i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be 'exercised.

(g) Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group 'has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease 'term not constituting a major part of the economic life of the commercial property and the present value of 'the minimum lease payments not amounting to substantially all of the fair value of the commercial property, 'that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts 'for the contracts as operating leases.

(h) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(i) Inflation adjustment

In restating the historical accounting records for inflation accounting, the following assumptions were made:

- "• December 2019 was taken as the base year for the index factor. This was a date different from the date of change in functional currency, transactions between the base year and date of change in functional currency were assumed to be at 1:1 as per SI 33 of 2019.
- Property, plant and equipment additions and disposal are indexed at the month's index irrespective of the date of purchase.
- Inflation index value of non-monetary assets approximates fair values where formal revaluations have not been done.
- The Consumer Price Index (CPI) as determined by Zimbabwe National Statistics Agency was applied as the relevant index factor for the purpose of indexating to comply with IAS 29."

Prior year financials were prepared using USD as the presentation currency. The Group did not present comparatives in USD based on the assumption that prior year financials were prepared on 1:1 basis with ZW\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5a Revenue from contracts with customers

5a.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the year ended 31 December 2019

Segments	Transport and Courier ZWS 000 Inflation Adjusted	Dedicated and Specialised ZWS 000 Inflation Adjusted	International distribution logistics ZWS 000 Inflation Adjusted	Total ZWS 000 Inflation Adjusted
Type of service				
Transport and logistics	247,705	43,725	4,799	296,229
Geographical Markets				
Zimbabwe	247,705	43,725	4,799	296,229
Timing of Revenue Recognition				
Services transferred at a point in time	247,705	43,725	4,799	296,229

For the year ended 31 December 2018

Segments	Transport and Courier ZWS 000 Inflation Adjusted	Dedicated and Specialised ZWS 000 Inflation Adjusted	International distribution logistics ZWS 000 Inflation Adjusted	Total ZWS 000 Inflation Adjusted
Type of service				
Transport and logistics	144,156	22,816	1,540	168,512
Geographical Markets				
Zimbabwe	144,156	22,816	1,540	168,512
Timing of Revenue Recognition				
Services transferred at a point in time	144,156	22,816	1,540	168,512

5a.2 Contract Balances

	31 December	
	2019 ZWS 000 Inflation Adjusted	2018 ZWS 000 Inflation Adjusted
Trade Receivables	25,639	14,423

Trade receivables are non-interest bearing and are generally on terms of 14 to 30 days. In 2018, ZW\$2 572 295 (2018: ZW\$1 711 467) was recognised as provision for expected credit losses on trade receivables.

5a.3 Performance Obligations

Freight Delivery

The performance obligation is satisfied at the time of delivery of freight and payment is generally due within 7 to 30 days from delivery.

5b Segment Information

The Group has been restructured and reorganised to show a one-company-one-focus business, providing a transport and logistics solution. All non-Zimbabwean transport and logistics entities are shown as discontinued. The investment property companies' performance is shown as a separate segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The segment results for the year ended 31 December 2019 are as follows:

	Transport and Logistics solution ZW\$ 000 Inflation Adjusted	Investment property ZW\$ 000 Inflation Adjusted	Consolidated ZW\$ 000 Inflation Adjusted
Total segment revenue	296,229	-	296,229
Total revenue to discontinued operations	-	-	-
Total revenue continuing operations	296,229	-	296,229
Operating costs	(225,812)	(1,051)	(226,863)
Other income	2,674	3,722	6,396
EBITDA	73,091	2,671	75,762
Net finance costs	(4,524)	-	(4,524)
Depreciation	(18,971)	(1,058)	(20,029)
Monetary Gain	15,643	17,192	32,835
Net profit before income tax	65,239	18,805	84,044
Income tax charge	(58,247)	(22,020)	(80,267)
Profit for the year	6,992	(3,215)	3,777

Statement of financial position as at 31 December 2019

Assets

Non-current assets	250,303	116,536	366,839
Current assets	78,126	3,432	81,558
Total assets	328,429	119,968	448,397

Liabilities

Non-current liabilities	86,281	1,263	87,544
Current liabilities	36,126	138	36,264
Total liabilities	122,407	1,401	123,808

The segment results for the year ended 31 December 2018 are as follows:

Total segment revenue	168,512	-	168,512
Total revenue to discontinued operations	-	-	-
Total revenue continuing operations	168,512	-	168,512
Operating costs	(142,293)	(683)	(142,976)
Other income	1,050	2807	3,857
EBITDA	27,269	2,124	29,393
Net finance costs	(6,615)	-	(6,615)
Depreciation	(12,244)	(738)	(12,982)
Net profit before income tax	8,410	1,386	9,796
Income tax credit	(2,385)	(354)	(2,739)
Loss for the year from continuing operations	6,025	1,032	7,057
Loss for the year from discontinued operations	(3,641)	-	(3,641)
Profit for the year	2,384	1,032	3,416

Statement of financial position at 31 December 2018

Assets

Non-current assets	83,791	37,676	121,467
Current assets	11,836	2,377	14,213
Total assets	95,627	40,053	135,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The segment results for the year ended 31 December 2018 are as follows:

	Transport and Logistics solution ZW\$ 000 Inflation Adjusted	Investment property ZW\$ 000 Inflation Adjusted	Consolidated ZW\$ 000 Inflation Adjusted
Liabilities			
Non-current liabilities	13,784	7,708	21,492
Current liabilities	48,652	573	49,225
Total liabilities	62,436	8,281	70,717

6 Property, vehicles and equipment

At 1 January 2018

Cost	121,770	14,591	136,361
Accumulated depreciation	(46,661)	(13,709)	(60,370)
Net carrying amount	75,109	882	75,991

Year ended 31 December 2018

Opening net book amount	75,109	882	75,991
Additions	19,672	402	20,074
Disposals	(2,240)	-	(2,240)
Cost	3,324	-	3,324
Accumulated depreciation	(1,084)	-	(1,084)
Depreciation charge	(11,794)	(468)	(12,262)

Closing net carrying amount

80,747	816	81,563
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At 1 January 2019

Cost	138,098	14,991	153,089
Accumulated depreciation	(57,351)	(14,175)	(71,526)
Net carrying amount	80,747	816	81,563

Year ended 31 December 2019

Opening net book amount	80,747	816	81,563
Currency conversion	134,169	13,269	147,438
Additions	21,852	235	22,087
Disposals	(264)	-	(264)
Cost	498	-	498
Accumulated depreciation	(234)	-	(234)
Depreciation charge	(18,584)	(53)	(18,637)

Closing net carrying amount

217,920	14,267	232,187
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At 31 December 2019

Cost	293,849	28,501	322,350
Accumulated depreciation	(75,935)	(14,228)	(90,163)
Net carrying amount	217,914	14,273	232,187

The category of motor vehicles includes vehicles used as security on borrowings used to finance their purchase, with the following carrying amounts:

	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Cost	8,923	47,195
Accumulated depreciation	(2,476)	(11,076)
Net carrying amount	6,447	36,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7 Investment Property

Year ended 31 December 2018

Opening net carrying amount

Depreciation charge

Closing net carrying amount

At 31 December 2018

Cost

Accumulated depreciation

Net carrying amount

Year ended 31 December 2019

Opening net carrying amount

Currency conversion

Additions

Depreciation charge

Closing net carrying amount

At 31 December 2019

Cost

Accumulated depreciation

Net carrying amount

2018 ZW\$ 000 Inflation Adjusted
38,402
(723)
37,679
43,439
(5,760)
37,679
37,679
79,878
14
(1,035)
116,536
123,331
(6,795)
116,536

"Fair value of the investment properties (noted below) was determined by using the implicit investment approach. This method is based on the principle that rentals and capital values are inter-related, hence given income produced by a property, its capital value can be estimated. At the date of valuation, 31 December 2019, the investment properties' fair values are based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. There is a significant degree of subjectivity associated with the application of principles of IFRS 13: Fair Value Measurement in the fair valuation of investment property. This risk on valuation is also increased due to the entity being in a complex environment with limited market data. The current use of the investment properties have been evaluated as the highest and best use options for the properties."

Valuation Technique

Market comparable method

Significant unobservable data

Rentals per square metre

Rental yields

Range

US\$1.00 - US\$3

11.5% - 13%

Valuers relied on USD inputs, an interbank exchange rate of 16.7734 was used to convert the USD values to ZW\$.

Some Group properties are pledged as collateral for the group's borrowings. Refer to note 16 for the details of the assets pledged as collateral.

Rental income derived from investment properties
Direct operating expenses (including repairs and maintenance)
generating rental income
Direct operating expenses (including repairs and maintenance)
that did not generate rental income

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
3,722	2,808
(1,051)	(683)
(1,058)	(739)
1,613	1,386

Fair value hierarchy

	Level 1 ZW\$ 000	Level 2 ZW\$ 000	Level 3 ZW\$ 000	Total Fair Value ZW\$ 000
Investment property - 31 December 2019	-	-	99,970	99,970
Investment property - 31 December 2018	-	-	6,790	6,790

8 Intangible asset

Carrying amount at 1 January

Carrying amount at 31 December

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
9,317	9,317
9,317	9,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The intangible asset was acquired in a business combination and relates to the intellectual property rights in relation to the SWIFT name. The intangible asset has been evaluated as having an indefinite useful life as the brand name is very popular in Zimbabwe and is expected to continue as such for the foreseeable future. The Group performed its annual impairment test for its intangible assets with an indefinite useful life and there was no impairment recorded. The Group based the recoverable amount of the cash generating unit on a value in use calculation. The following key assumptions were used in the value in use calculation:

- Discount rate of 5%
- Growth rates used to extrapolate cash flows beyond the forecast period of 3%

9 Leases

"The Group has lease contracts for various land and buildings used in its operations. Leases of land and buildings generally have lease terms between 5 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning, and subleasing the leased assets. There are several lease contracts that include extension options and which are further discussed below."

The Group also has certain leases of land and buildings with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Land and Buildings

As at 1 January 2019	9,156
Depreciation expense	(357)
As at 31 December 2019	8,799

Set out below are the carrying amounts of lease liabilities and the movements during the period:

As at 1 January 2019	2,307
Interest Accrual	327
Payments	(382)
As at 31 December 2019	2,252
Current	70
Non-current	2,182
Depreciation expense of right-of-use assets	357
Interest expense on lease liabilities	327
Expense relating to short-term and low value leases	12,195
Total amount recognised in profit or loss	12,879

The Group had total cash outflows for leases of ZW\$3 873 136.75 in 2019 (ZW\$956 616 in 2018).

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office, residential and warehousing buildings (see Note 7). These leases have terms of 1 year. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group during the year is ZW\$3 722 135 (2018: ZW\$2 806 567).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2019
Within one year	4,865
After one year but not more than five years	-
More than five years	-

10 Financial instruments by category

Assets as per statement of financial position

Trade and other receivables (excluding prepayments and VAT receivable)

Financial assets at amortised cost	
2019	2018
ZW\$ 000	ZW\$ 000
Inflation Adjusted	Inflation Adjusted
25,957	21,275
25,957	21,275

(Continued)

Loans and borrowings
Trade and other payables
Deferred consideration
Total

financial liabilities 2019 ZW\$ 000 Inflation Adjusted	financial liabilities 2018 ZW\$ 000 Inflation Adjusted
9,757	36,493
18,192	16,683
278	3,230
28,227	56,406

Spares, fuel and stationery
Write-down of inventories to net realisable value

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
45,391	10,044
-	(292)
45,391	9,752
292	404
-	(143)
-	31
(292)	-
-	292

At 1 January
Inventory write-offs
Write-down recognised as an expense
Write-down of inventories to net realisable value provision reversed

There are no inventories pledged as security for liabilities for the year 2019 and 2018.

Trade and other receivables

Trade receivables
Receivables due from related parties (note 28)
Less: provision for impairment

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
22,424	12,627
725	4,463
(2,572)	(1,714)
20,577	15,376
2,013	1,217
33	55
49	1,011
5,347	5,843
28,020	23,504

Prepayments
Staff debtors
VAT receivable
Other debtors

As at 31 December 2019 trade and other receivables of ZW\$14 237 880 (2018: ZW\$ 1 439 982) were not yet due.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Group does not hold any collateral as security.

Movements on the provision for impairment of trade receivables are as follows:

- Monetary gain
- Write offs
- Increase / (decrease) for the year
- Recovered during the year

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
1,714	2,106
(1,438)	
-	(348)
2,296	(43)
-	-
2,572	1,715

The creation and release of provision for impaired receivables have been included in operational expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

13 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Cash at banks and on hand	8,147	4,205
Bank overdrafts (see note 16)	-	(10,938)
Cash and cash equivalents	8,147	(6,733)

14 Share capital and reserves

Share capital

	Number of shares	Ordinary shares ZW\$ 000 Inflation Adjusted	Share premium ZW\$ 000 Inflation Adjusted	Total ZW\$ 000 Inflation Adjusted
At 31 December 2019	106,474,237	6,615	12,796	19,411
At 31 December 2018	106,474,237	6,615	12,796	19,411

The total number of authorised ordinary shares is 140 000 000 shares with a par value of 6.21 cents.

There are 33 525 763 unissued shares which are under the control of the directors as at reporting date. All issued shares are fully paid.

15 Trade and other payables

Current

	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Trade payables	9,725	13,672
Trade payables due to related parties (note 28)	869	1,656
Accrued expenses	7,598	1,355
Social security and other statutory liabilities	4,659	5,014
	22,851	21,697

Trade and other payables are non-interest bearing and are normally on 30 day terms.

Non-current trade and other payables are non-interest bearing and will be settled within one to five years.

16 Borrowings

Borrowings classified as equity

Shareholders' loans at beginning of year
Transfer from shareholders' loans

Other Borrowings

Non-current

Loans and borrowings

Current

Loans and Borrowings
Bank overdraft

Total borrowings

	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
	55,475	55,475
	-	-
	55,475	55,475
	2,970	10,820
	2,970	10,820
	6,787	14,734
	-	10,938
	6,787	25,672
	9,757	36,492

The following is the reconciliation of loans and borrowings for statement of cashflows purposes:

Balance as at 1 January

	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Net Monetary Gain	(26,563)	-
Proceeds from borrowings	6,538	13,753
Payment of borrowings	(6,432)	(19,076)
Balance as at 31 December	10,035	39,722
Total Borrowings	9,757	36,492
Deferred consideration	278	3,230

Shareholders' loans

The loans are from the major shareholders and are denominated in US Dollars. These loans are unsecured, interest free and are not to be repaid or demanded in the near foreseeable future. The shareholder loans were used to fund the capital expenditure requirements of the business. These loans were all reclassified to equity in 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Loans and borrowings

Loans and borrowing relate to financing arrangements entered into to procure revenue generating vehicles. The interest rates are between 12-15% and the borrowings will be repaid in full by June 2022. The borrowings are also secured by moveable Group properties with a carrying amount of ZW\$ 10 658 million as at 31 December 2019 (ZW\$ 5,815 million as at 31 December 2018).

Bank overdraft (note 13)

The bank overdraft is secured by a mortgage bond on certain Group properties with a carrying amount of \$19.827 million as at 31 December 2018. The bank overdraft limit was ZW\$ 2,000,000 at an annual interest rate of 10.5%. The Group did not have an overdraft facility as at 31 December 2019.

Deferred consideration

In June 2014 the company issued 51,497,587 ordinary shares as consideration for the business of Unifreight Limited. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was ZW\$ 0.05 each. The fair value of the consideration given is therefore ZW\$ 2,574,879.

In addition, as part of the consideration there will be additional cash payments to Unifreight Limited of ZW\$ 25,000 per month for a five (5) year period for the intellectual property rights relating to the use of the name SWIFT in perpetuity and ZW\$ 19,750 per month for a three (3) year period for the information operating systems and technology relating thereto starting in 2014. In 2014 Unifreight Limited agreed to the re-payments now only starting in 2016.

As at the acquisition date, the fair value of the consideration liability was estimated to be ZW\$ 1,652,288. The fair value at initial recognition was determined using discounted cash flow method using the rate of 14%. This is classified as a financial liability at amortised cost.

Reconciliation of deferred consideration

At 1 January

Monetary Gain
Payments
Remeasurement of consideration liability

At 31 December

Disclosed as:
Deferred consideration
Non current
Current

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
3,230	5,914
(2,710)	
(300)	(3,304)
58	620
278	3,230
-	1,727
278	1,503
278	3,230

17 Deferred tax

The gross movement on the deferred tax is as follows :

At beginning of year
Movement in temporary differences current year (Note 23)
Tax loss utilised
Tax rate change
At end of year

Disclosed as:

Deferred tax asset
Deferred tax liability

Net

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
8,218	5,821
74,017	621
486	1,776
(329)	-
82,392	8,218
-	(727)
82,392	8,945
82,392	8,218

Deferred tax relates to the following:

Property plant and equipment
Investment properties
Right of use of asset
Lease liability
Unrealised exchange gain
Provisions
Assessed loss

55,481	6,926
28,758	6,988
2,754	-
(557)	-
2,231	-
(6,275)	(702)
-	(4,994)
82,392	8,218

18 Retirement benefits

18.1 Defined contribution fund

The Group operates a defined contribution plan pension scheme. A Board of Trustees administers the fund. All full time and permanent employees are eligible for membership. The plan is funded by contributions by the companies in the Group and eligible employees. The company does not carry any risk associated with the pension fund. All risk is carried by the members and the company's liability is limited to the company's contribution to the fund.

18.2 National Social Security Authority

The Group and all its employees based in Zimbabwe contribute to the National Social Security Scheme promulgated under the National Social Security Act of 1989. The Group's obligation is limited to specific contributions as legislated from time to time.

Contributions to the above funds made during the current year are disclosed in note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

19 Other operating income

Scrap metal disposal proceeds
Houseboat hire
Fuel sales
Vehicle cleaning- Washbay
Profit on disposal of property, plant and equipment
Other income
Bad debts recovered
Investment property income
Sub letting of depots
Trailer hire
RBZ Export incentives

2019 ZWS 000 Inflation Adjusted	2018 ZWS 000 Inflation Adjusted
156	193
-	32
1,599	80
88	162
557	76
-	81
-	55
3,722	2,807
161	42
113	243
-	86
6,396	3,857

20 Operating expenses

Employee benefit expenses (note 21)
Vehicle operating expenses
Inventory recognised as an expense
Fuel used
Operating lease payments
Short term/ low value lease expense
Depot/site operating expenses
IT and communication expenses
Forwarding and agent expenses
Freight movement expenses
Advertising and marketing expenses
Printing and stationary
Audit fees
Write off of non existent assets
Loss on disposal of property, plant and equipment
Foreign exchange losses
Bank charges
Legal fees

96,136	65,506
3,687	7,323
24,716	14,094
45,105	21,144
-	6,025
12,195	-
6,946	9,069
3,874	3,000
15,841	8,193
1,701	4,006
2,814	1,031
3,053	1,888
652	422
-	-
-	112
6,234	-
1,139	1,056
474	151
224,567	143,020

21 Employee benefits expense

Wages and salaries (including all directors' fees and emoluments)
Pension contributions - Defined contribution plan
Social security contributions

2019 ZWS 000 Inflation Adjusted	2018 ZWS 000 Inflation Adjusted
94,780	62,872
237	627
1,119	2,006
96,136	65,505

Average number of people employed

805	804
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22 Finance cost

- Bank borrowings
- Remeasurement of consideration liability
- Finance leases

2019 ZWS 000 Inflation Adjusted	2018 ZWS 000 Inflation Adjusted
4,139	5,991
58	621
327	-
4,524	6,612

23 Income tax

Major components of income tax are:
Normal income tax:
- Current income tax
Deferred tax:
- Movement in temporary differences (note 17)
- Tax rate change
- Tax Loss utilised

6,093	342
74,017	621
(329)	-
486	1,776
80,267	2,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities as follows :

Profit before tax from continuing operations
(Loss) before tax from discontinued operations

Tax calculated at 25.75%

Utilisation of previously unrecognised tax losses

Non-taxable income - Gain on net monetary position

Tax rate change

Expenses not deductible for tax purposes

- Other non-deductible expenses

Tax expense

Continuing operations

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
84,044	9,796
-	(3,640)
84,044	6,156
21,641	1,584
486	-
(8,455)	-
(329)	-
66,924	1,155
80,267	2,739
80,267	2,739
-	-
80,267	2,739

The group has no assessed tax losses (2018: ZW\$3 153 692) that are available for offsetting against future taxable profits of the companies in which the losses arose.

24 Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In 2019 the company had no category of dilutive potential ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Earnings/ (Loss) attributable to ordinary equity holders of the parent:

Continuing operations

Discontinued operations

Earnings attributable to ordinary equity holders of the parent for basic earnings

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
3,777	7,057
-	(3,641)
3,777	3,416
-	(3,641)

There has been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

There are no instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

To calculate the EPS for discontinued operations (note 31), the weighted average number of ordinary shares for both the basic and diluted EPS is as per above. The following provides the profit/(loss) amount used:

Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations for the basic and diluted EPS calculations

Weighted average number of ordinary shares for basic and diluted EPS
2018, 106, 474,237 (2019: 106,474,237)

25 Distributions made and proposed

Cash dividends on ordinary shares declared and paid:

Final dividend for 2019: 7.04 cents per share (2018: 1.75 cents per share)

Interim dividend for 2019: 0.96 cents per share (2018: 0.00 cents per share)

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
7,500	1,863
1,027	-

(Continued)

- Profit before tax from continuing operations
- Loss before tax from discontinued operations
- Adjusted for :
 - Gain on net monetary position
 - Loss on sale of subsidiary
 - Depreciation
 - Profit on disposal of property, vehicles and equipment
 - Net finance cost
 - Remeasurement of consideration liability
 - Increase in provision for doubtful debts expensed
 - Inventory write off
- Changes in working capital:
 - Inventories
 - Trade and other receivables
 - Trade and other payables

Cash generated from operations

There are no capital commitments approved for 2018 and 2019.

The Group is a defendant in various labour disputes with former employees. The cases are at various stages. The total being claimed in all these cases is ZW\$ 895,800. The cases have been assessed and the probability of an outflow is minimal.

H.B.W. Rudland who is a Shareholder of the Company is also one of the majority shareholders and/ or director of the companies indicated below with whom the Group has significant contracts and common shareholding with the Group.

The following transactions were carried out with related parties:

(I) Purchase of goods and services from entities with common shareholding:

- Purchase of spares/services from Scanlink (Private) Limited
- Rental charges by Unifreight Limited

Goods and services are purchased based on the price list in force and terms that would be on an arms-length basis

(ii) Year end balances arising from purchases of goods and services

Payables to related parties

- Scanlink (Private) Limited
- Unifreight (Private) Limited

(iii) Year end balance arising from sales of goods and services

Receivables due from related parties

- Scanlink (Private) Limited
- Unifreight Tyre Services (Private) Limited
- Pioneer Development Company (Private) Limited
- Umfurudzi (Private) Limited

(v) Directors' shareholdings

R.E. Kuipers directly has a joint-shareholding of 3,391,041 shares.

All other Directors have no shareholdings either directly or indirectly.

(vi) Key management compensation

Post employment benefits

Salaries and other short term employee benefits

[illegible]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

30 Investments in subsidiaries

Operating Companies

Pioneer Clan (Botswana) (Proprietary) Limited (100%) (2018 - 100%)
 Clan Transport Company (Private) Limited (100%) (2018 - 100%)
 Trek Transport (Private) Limited t/a Skynet Worldwide Express (100%) (2018 - 100%)
 Clan Properties (Private) Limited (100%) (2018 - 100%)
 Kirkman & Kukard (Private) Limited (100%) (2018 - 100%)
 Birmingham Road Property (Private) Limited (100%) (2018 - 100%)
 Clan Services (Private) Limited (100%) (2018 - 100%)
 Pioneer Clan Holdings (Botswana) (Proprietary) Limited (100%) (2018 - 100%)

Business

Cross border freight haulage and logistics
 Road freight within Zimbabwe
 Courier services
 Property-owning
 Property-owning
 Property-owning
 Investment owning
 Investment owning

31 Discontinued operations

31 December 2018

The group incurred contractual post disposal expenses directly related to the disposal of Pioneer Coaches (Private) Limited and Mavambo Coaches (Proprietary) Limited as at 30 June 2017. These expenses resulted in adjustments in the current period to amounts previously presented in discontinued operations. The nature and amount of these adjustments are as follows:

Indemnification of purchaser for contractual post disposal expenses
 Provision for post disposal indemnification of purchaser

2018 ZWS 000 Inflation Adjusted
722
2,919
3,641

During the year, the purchase price was renegotiated resulting in the above adjustments.

32 Subsequent Events

There are no issues after the reporting date that warrant adjustment of the financial statements. However, the company wishes to comment on the effects of Corona Virus (Covid-19) in the paragraphs below.

The COVID-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on 11 March 2020, has affected the lives of people around the world. Many countries worldwide have placed either a partial or complete lockdown of their economies in order to contain the spread of the pandemic.

As expected, these measures affect the performance of companies and in particular the going concern assumption and hence impact on the financial statements presentation.

In response to the pandemic, the President of Zimbabwe ordered a 21 Days national lockdown starting on 30 March 2020. Statutory Instruments 82 of 2020 Public Health, (Covid 19 Prevention, Containment and Treatment) (Amendment) Regulations 2020 (No. 1) and Statutory Instrument ("SI") 83 of 2020 Public Health, (Covid 19 Prevention, Containment and Treatment) (National Lockdown) Order 2020 were issued to bring legality to the lockdown. SI 83 exempts companies that provide essential services to the economy, which include transport and logistics from the nationwide 21 Days lockdown. It is in line with that provision that Unifreight Africa Limited (Unifreight) was exempted from the lockdown and designated as an essential service provider and hence continued its operations.

The company distributes food, raw materials, medical supplies that are needed for people to survive during the lockdown. Although volumes have reduced by 50% during the lockdown period, the company is confident of recovering going forward at the back of tobacco. The company is the main transporter of tobacco from the farmers to the auction floors. The government has allowed tobacco auction floors to open for the tobacco selling season, the company is confident of high volumes from the transportation. The company has no restructuring plans in place yet but it is alive to the idea once the situation calls. Unifreight has quality assets and is leveraging on this to approach various financial institutions for working capital financing support. However, there is not much information available to estimate any changes in the expected credit losses on the company's receivables.

"The Covid 19 will undoubtedly have an impact on the country's GDP and reduced disposable incomes which will have an impact on Unifreight. With the government having ordered a nationwide lockdown to stop the spread of the virus, this provides evidence that the pandemic might be contained and hence limit the dent on the company's expected future cash flows. Although these financial statements have been prepared under the going concern assumption there are many uncertainties surrounding the assessment as the full impact of the pandemic is yet to be fully estimated."

SUPPLEMENTARY INFORMATION

UNAUDITED CONSOLIDATED HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

ASSETS

Non current assets

Property, vehicles and equipment
Investment property
Deferred Tax Asset
Right of use of asset
Intangible assets

Current assets

Inventories
Trade and other receivables
Cash and cash equivalents

TOTAL ASSETS

EQUITY AND LIABILITIES

Equity

Share capital
Share premium
Non distributable reserve
Revaluation reserve
Change of functional currency reserve
Equity component of shareholders loans
Accumulated loss

Non current liabilities

Borrowings
Other payables
Deferred consideration
Lease liability
Deferred tax liabilities

Current liabilities

Trade and other payables
Income tax payable
Deferred consideration
Lease liability
Borrowings

TOTAL EQUITY AND LIABILITIES

2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
68,183	20,814
43,749	13,131
20,892	6,066
117	117
1,925	
1,500	1,500
49,054	6,031
12,887	1,570
28,020	3,784
8,147	677
117,237	26,845
76,549	15,460
1,065	1,065
2,060	2,060
4,341	4,341
1,232	1,232
42,955	-
8,931	8,931
15,965	(2,169)
5,317	3,460
2,970	1,742
-	-
-	278
2,181	-
166	1,440
35,371	7,925
22,851	3,493
5,385	57
278	242
70	-
6,787	4,133
117,237	26,845

These financial statements were approved by the Board on 12 June 2020 and signed on it's behalf by:

P. J. Annesley
Chairman

R. E. Kuipers
Chief-Executive Officer

UNAUDITED CONSOLIDATED HISTORICAL STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	2019 ZW\$ 000 Inflation Adjusted	2018 ZW\$ 000 Inflation Adjusted
Continuing operations		
Revenue	136,239	27,129
Operating expenses	(102,189)	(23,018)
Other operating income	(1,509)	621
Earnings before interest, tax, depreciation and amortisation (EBITDA)	32,540	4,732
Finance costs	(1,682)	(1,065)
Depreciation	(7,241)	(2,090)
Profit before taxation from continuing operations	23,616	1,577
Income tax expense	(4,088)	(441)
Profit for the year from continuing operations	19,528	1,136
Discontinued operations		
(Loss)/ Profit for the year from discontinued operations	-	(586)
Profit for the year	19,528	550
Other comprehensive income	-	-
Total comprehensive income for the year, net of tax	19,528	550
Earnings per share		
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)	18.34	0.52
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)	18.34	0.52
Earnings per share for continuing operations		
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)	18.34	1.07
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)	18.34	1.07

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



(A public company incorporated in the Republic of Zimbabwe under company registration number 304/1970)
("Unifreight Africa Limited" or "the Company")

Proxy Form

For use by the Company's shareholders at the Annual General Meeting of shareholders to be held at the Harare Royal Golf Club, 5th Street Extension/ Josiah Tongogara Avenue Harare on 30th October 2020 at 1000hrs. The virtual link for the meeting will be shared separately.

Each member entitled to attend and vote at the AGM is entitled to appoint one person as his/her proxy, who need not be a member of the Company, to attend, speak and vote in his/her stead at the AGM.

I/We _____
(Name in block letters)

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 it, passing, with or without modification, the resolutions to be proposed thereat, 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 in accordance with the following instructions:

INSTRUCTIONS FOR SIGNING AND LODGING THIS PROXY FORM

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 instructions 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 it in respect of all the 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 signatory/ies.
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 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. In order to be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company not less than 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 exactly the same as those on the share register.
10. Please be advised that the number of votes a member is entitled to, is to be determined by the number of shares recorded on the share register 48 hours before the time appointed for the holding of the meeting.



www.unifreight.co.zw

