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CAFCA

Annual Report

AND FINANCIAL STATEMENTS 2014

This Annual Report covers the financial year from 1 October 2013 to 30 September 2014.
The reporting period is annual with the last report having been published in September 2013.
The financial statements are presented in United States Dollars ("US$")

OVERVIEW

Company profile

CAFCA Limited ("CAFCA") manufactures and supplies cable and allied products for the transmission and distribution of electrical energy and information primarily in Southern and Central Africa. We manufacture over 900 cabling products including 11kV XLPE cables all to British, South African and Zimbabwe quality standards.

CAFCA offers a toll manufacturing option to all its customers who can access key raw materials such as copper and aluminium, which are converted at the cost of value addition.

We also recover decommissioned cables for recycling that can be exchanged for other products within our manufacturing range.

Mission statement

Our goal is to create long-term shareholder value

Our business purpose is:

- to be a leading manufacturer and supplier of cable and allied products for the transmission and distribution of information and energy for the Central and Southern African markets.
- to be recognised for excellence in providing quality products and services that give best value to all our customers and other stakeholders.

CORPORATE

CAFCA Limited ("CAFCA") is quoted on the Zimbabwe, Johannesburg and London Stock Exchanges. Established in 1947, CAFCA is part of CBI Electric African Cables incorporated in South Africa, which in turn is owned by Reunert Limited incorporated in South Africa. It has been at the forefront of the cable industry in the region for more than 60 years, supplying large volumes of cable to power and telecommunication utilities as well as the mining, agricultural and industrial sectors.

DIRECTORATE AND ADMINISTRATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building No 4 Arundel Office Park
Norfolk Road, Mount Pleasant
Harare

LEGAL ADVISORS

Coghlan, Welsh and Guest
2 Central Avenue and Stewart House
4 Central Avenue, Harare
P.O. Box 53
Harare

DIRECTORS

H.P Mkushi (Chairman)
R.N. Webster (Managing Director)
E.T.Z. Chidzonga
A.E. Dickson
A. Mabena
S.E. Mangwengwende
T.A. Taylor

SECRETARY

C. Kangara

BANKERS

African Banking Corporation of Zimbabwe Limited

Barclays Bank of Zimbabwe Limited

MBCA Bank Limited

Stanbic Bank Limited

Standard Chartered Bank Limited

Central Africa Building Society

REGISTERED OFFICE

54 Lytton Road
Workington
Harare

POSTAL ADDRESS

P O Box 1651
Harare

OVERVIEW

The period in brief

Financial highlights

	30 September 2014 US$
Revenue	23 607 380
Operating profit	2 720 067
Profit before income tax	2 685 391
Profit for the year	2 027 616
Earnings per share (cents)	6.21

Milestones

CAFCA was the first company in Zimbabwe to achieve ISO 9002 accreditation, later upgraded to ISO 9001, which enables it to design as well as produce cabling to international standards.

In 1999 CAFCA became the first cable company in sub-Saharan Africa to be awarded the environmental standard, ISO 14001.

Quality management standard
Accredited to ISO 9001
(First company to gain accreditation in Zimbabwe:1994)

Occupational health and safety standard
Accredited to OHSAS 18001:2007

Environment management standard
Accredited to ISO 14001:2004
(First cable company in sub-Saharan Africa to achieve the international quality standard)

Zimbabwe Electricity Supply Authority annual supply contracts

- Low voltage armoured cables: 1985-98, 2000-03
- All aluminium conductor: 1988-99, 2001-03
- Aluminium conductor steel reinforced 1988-99, 2001-03

Anglo American Corporation annual supply contract 1985-2000

BHP annual supply contract 1996-1999

Botswana Power Corporation

- Split concentric annual supply contract 2000-2004

Botswana Ministry of Health

- Annual supply of low smoke and fume white stripe cables 2002-2004

African Cables (South Africa)

- Monthly delivery of 600/1000V red stripe to SANS 1507 2003 specifications to date

Confederation of Zimbabwe Industries (CZI)

- Industrial Exporter of the Year 1st Runner up 2005

Confederation of Zimbabwe Industries (CZI)

- Industrial Exporter of the Year 1st Runner up 2008

National Industrial Energy Efficiency Award

- 1st Runner up 2011

Zimbabwe Quoted Companies Survey 2012

- Manufacturing Winner

National Industrial Energy Efficiency Award

- Winner 2013 and 2014

Exporter of the year

- Runner up 2012

Our operating principles are:

- We consistently delight customers,
- We strive for continued improvement,
- We achieve business excellence,
- We recognise suppliers as active partners in our business,
- We do it right,
- We respect and value each others contribution,
- We work as a team,
- We provide equal opportunities and encourage personal growth,
- We care for the environment and support the community.

OVERVIEW

Corporate governance

Corporate governance represents the means by which direction and control are applied to the stewardship of an organisation's assets, tangible and intangible, financial and non-financial, in the pursuit and delivery of the primary objective of sustainable value creation. Primary objective of sustainable value creation.

Ethics
Directors, management and staff are required to maintain the highest possible standards of business ethics and accountability and appropriate disciplinary measures are in place in the event of non-conformity.

Board of directors
The board of directors (the "board") of CAFCA Limited fully supports the highest standards of corporate governance and is committed to the principles of openness, integrity and accountability in dealings with all stakeholders. The board fully recognises its responsibilities for setting the Group's strategic direction, providing the leadership to put this into effect, supervising the management of the business and reporting to the shareholders on its stewardship.

The board meets at least four times a year. One third of the board retire by rotation at the Annual General Meeting and may offer themselves as eligible for re-election.

Following the appointment of new directors to the board, an induction programme is arranged in order to facilitate their understanding of the Group.

Audit committee
This committee was established to help the board discharge its responsibilities relating to the safeguarding of assets, the operating of adequate systems and controls and of adding assurance and credibility to the Group's financial reporting process.

The audit committee has the authority to conduct or authorise investigations into any matters within its scope of responsibilities. The audit committee comprises no less than three non-executive directors. The board appoints committee members and the chairman of the audit committee from among its directors. The audit committee meets no less than four times a year.

The audit committee assists the board in fulfilling its responsibilities by reviewing and making recommendations on the following:

- The financial reporting process,
- The systems of internal control,
- The process for the management of business risks,
- The audit process,
- The Group's process for monitoring compliance with relevant laws and regulations.

Executive committee
This committee consists of the executive team, which is responsible for implementing the board's strategies, plans and policies, identifying risk for the board and for safety, health, environment and other operational matters.

Risk management
Effective risk management is a board responsibility and is integral to the Group's objective of consistently adding value to the business. Business risks have been identified and relevant strategies are in place to address them. An appropriate system is in place for monthly assessments and regular review by the board.

Management reporting
The Group's performance is monitored by weekly and monthly management meetings and is supported by management reporting disciplines that include the preparation of annual business plans and monthly results reported against budgets and other targets.

Compensation committee
This committee consists of two non-executive directors who review and approve executive and staff remuneration, inclusive of bonuses and benefits as well as directors' fees, within the board's terms of reference.

Operations controls

While operating risk can never be fully eliminated, the Group endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout its business. Key policies employed in managing operating risk involve the segregation of duties, transactions and authorisations, as well as monitoring financial and managerial reporting.

OVERVIEW

Directors' report

The directors have pleasure in presenting their report together with the financial statements of CAFCA Limited for the twelve months ended 30 September 2014

The financial reports have been prepared in United States Dollars ("US$").

Capital

Authorised share capital

The authorised capital remains unchanged at 50 000 000 ordinary shares of US$ 0.00001 each.

Issued share capital

Issued share capital stands at 32 667 333 fully paid-up ordinary shares.

Unissued share capital

In terms of the Articles of Association of the Company, unissued shares are under the control of the directors.

Results for the year

The results for the year are reported in the financial statements for the year ended 30 September 2014 which are set out on pages 16 to 45.

Attention to quality

Attention to quality is one of the reasons for our continued success.

At all levels we put our best endeavours into achieving product performance, safety and reliability. We monitor, control, document and regularly review all Group activities from design through to production and inspection.

We hold quality systems' accreditation and product approvals from a number of authorities both local and international.

In terms of the Articles of Association of the Company, one third of the directors, excluding the managing director, will retire by rotation each year.

In accordance with the Articles of Association, Messrs Mr A. Mabena and Mr S.E. Mangwengwende retire by rotation.

The directors, being eligible, offer themselves for re-election.

None of the directors have any shares in the Company's subsidiaries at any time during the year. None of the director's had an interest in any contract of significance with the Group during the year.

Directors' report (continued)

Employment policies
CAFCA Limited does not discriminate on the basis of race, religion, sex or disability and is committed to providing opportunities, safe working conditions and attractive remuneration to staff.

The Group endeavours to attract and retain talented and suitably qualified and experienced staff through performance-based reward systems, including an incentive bonus scheme.

Corporate governance
A statement on corporate governance is set out on page 4.

Auditors
PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have indicated their willingness to continue as the Group's auditors. A resolution to authorise their re-appointment will be proposed at the Annual General Meeting.

Senior executives

The management team comprises:

Rob Webster	-	Managing director
Caroline Kangara	-	Finance executive
Godfrey Mavera	-	Chief engineer
Farai Mukumbira	-	Sales and marketing executive
Dumisani Mhlanga	-	Manufacturing executive

Meetings of directors

The following table sets out the number of board meetings held by CAFCA Limited during the period under review and those attended by each director

	Meetings held	Meetings attended
H.P. Mkushi	4	4
R.N. Webster	4	4
A.E. Dickson	4	4
E.T.Z. Chidzonga	4	4
A. Mabena	4	4
S.E. Mangwengwende	4	4
T.A. Taylor	4	4

Directors' interests

Details of directors' interests in the ordinary shares of the Company are shown below:

	Number of shares	
	Shares held directly	Shares held indirectly
H.P. Mkushi	-	399 105
R.N. Webster	-	180 033
E.T.Z. Chidzonga	100	-
A.E. Dickson	100	-
A. Mabena	100	-
S.E. Mangwengwende	100	-
T.A. Taylor	200	-

Directors

Honour Piniel Mkushi

Chairman (non-executive)

(Appointed to the board on 1 January 1986).
L.L.B (Hons), (London)

Honour is an Advocate of the High Court of Zimbabwe. He is the senior partner of Sawyer & Mkushi. He has been in private practice since 1971 and has an immaculate professional record with the Law Society of Zimbabwe. He specialises in corporate commercial banking, financial and property law practice. He has experience in constitutional law making, including attending the Geneva and Lancaster House London negotiations for Zimbabwe's Independence. He was a Commissioner involved in the drafting of the new Constitution for Zimbabwe in 1999.

Honour has sat on various boards including:

Chairman of the Council of Great Zimbabwe University for 6 years.
Chairman of the Board of Zimpapers for 12 years.
Chairman of the Board of Zimbabwe Mass Media Trust for 14 years.
Chairman of the Board of Leyland Zimbabwe Motor Corporation for 10 years.
Chairman of the Board of Commercial Union Insurance Company for 8 years.
Chairman of the Board of Standard Chartered Bank Zimbabwe Limited for 27 years.
Board Member of Lonrho Zimbabwe Limited – Motor and Mining.

He is currently the Chairman of seven reputable companies in Zimbabwe

- Windmill Fertilisers Limited
- Marsh Insurance Brokers (Private) Limited
- Zimbabwe Motor Investments (Private) Limited
- Nissan Clover Leaf Motors (Private) Limited
- Aptics ICT (Private) Limited
- Automotive Distributor (Private) Limited

Robert Neill Webster

Managing director

(Appointed to the board on 11 July 2006).
B.Acc (Natal), C.A (Z)

Rob completed his articles of clerkship with Coopers and Lybrand and left as an audit manager to join 5T Holdings as financial director. He later joined Apex Corporation Limited as financial director and progressed to divisional executive of the foundry division. Rob was then approached by the CFI group to run Victoria Foods, which then led to promotion to divisional executive - poultry.

He joined CAFCA in 2006 as managing director.

Alvord Mabena

Non-executive director

(Appointed to the board on 19 February 1998).
B. Sc Mechanical Engineering

Alvord has 20 years of experience in the Railway industry as an Engineer, the last ten of which he was Chief Executive of the National Railways of Zimbabwe. He spearheaded the turnaround of the organisation to become the second largest railway in the Sub region, second only to South Africa.

A past President of the Zimbabwe Institution of Engineers, Alvord won the Zimbabwe Institute of Personnel Management, Manager of the year Award in 1992 in recognition of his service with distinction in the Public Utility category.

A businessman, Alvord is also a director of private and public sector companies quoted on the Zimbabwe stock exchange including banking institutions and universities, among others.

He has also been recently appointed by the Government of Zimbabwe as Chairman of the National Railways of Zimbabwe Board. He is one of the established livestock breeders in Matebeleland and is heavily involved in voluntary community service where he is the current President of the Rotary Club of Bulawayo South where he was conferred with a Paul Harris Fellow award, which award is accorded Rotarians who would have served the community with distinction.

He is married and has one daughter and one granddaughter.

Directors (continued)

Thomas Alexander Taylor

Non-executive director

(Appointed to the board on 11 October 1995).
B.Com. (Cape Town), C.A. (SA) C.A.(Z)

Tom served his articles with Price Waterhouse where he worked in their Bulawayo, Harare and London offices. He was admitted as a partner in July 1972. Until June 1985, he was an audit partner in Bulawayo and partner in charge of the Botswana office. He then transferred to Harare as senior partner of Price Waterhouse Central Africa (Zimbabwe, Botswana, Malawi and Mozambique). Tom retired from the firm on 30 June 1995 after having completed 10 years as a senior partner.

Currently self-employed, Tom sits on the boards of various public and private companies.

Simbarashe Emanuel Mangwengwende

Non-executive director

(Appointed to the board on 1 October 2006).
B.Sc. (Eng.) (Hons.) (Electrical Engineering)
(University of Zimbabwe), M.Sc. (Management of Technology) (Washington University. U.S.A).
F.Z.W.E.I.E , Mem. I.E.E.E

Simbarashe (Simba) is an electrical power engineering and management specialist with extensive experience in the electricity supply industry which includes more than 14 years (1992 to 2006) as chief executive of the Zimbabwe Electricity Supply Authority (ZESA), the county's national utility, eight years (1981 to 1988) in electricity distribution engineering in various capacities of increasing responsibility and four years (1988 to 1992) in corporate planning.

Since retirement in 2006 he has been working as an independent consultant and sits on the boards of several public and private companies and non-profit organisations.

Edwin Tavengwa Zinyoro Chidzonga

Non-executive director

(Appointed to the board on 17 February 2000).
M.A. (Accounting & Finance) UK, F.C.C.A. (UK), F.C.M.A (UK), M.I.M. (UK)

Edwin joined Minerals Marketing Corporation of Zimbabwe (MMCZ) as a financial controller in 1983. In 1986, he was appointed managing director designate in the MMCZ European office, Zurich. In 1990, he was appointed managing director of MMCZ Sales, Zurich. Between 1994 and 1995, Edwin worked as managing director of Standard Chartered Finance, Zimbabwe and between 1996 and 1997 worked in the bank's London Head Office. Between 1998 and 2000, Edwin worked mainly as a consultant before joining Mining Industry Pension Fund where he was the chief executive officer.

Edwin sits on the boards of AIG Zimbabwe (Private) Limited; Duly's (Private) Limited and Intermarket Life Assurance Company of Zimbabwe, among other directorships.

Currently Edwin is an Associate Director- clients and markets with Deloitte.

Alan Ernest Dickson

Non-executive director

(Appointed to the board on 1 January 2011).
B.Sc.Eng. (Elec.), M.Sc. (Eng.) Witwatersrand

After having joined CBI-Electric African Cables in 1997 and worked in various capacities, Alan was appointed managing director of the organisation in March 2009. Prior to joining CBI-Electric African Cables, he had worked for Matra Engineering Services and the University of Witwatersrand.

Operations report

CAFCA Limited acknowledges that the management of safety, health and the environment is an integral part of an effective and sustainable business.

CAFCA Limited has established a culture where all people take ownership and acknowledge their responsibility for the safety and health of everyone associated with the Group's operations and for the management of environmental issues.

Objectives
- To comply with all applicable laws, regulations and standards for health and safety.
- To comply with local laws and international standards in respect of the environment.

Methodology
In support of these objectives, the Group aims to:
- Continue a culture of continuous improvement in all activities.
- Adopt a zero tolerance attitude to accidents.
- Continually review associated risks and act appropriately.
- Communicate potential risks to employees and contractors who are trained in their individual responsibilities to minimise and, where possible, eliminate such risks.
- Ensure that all employees wear appropriate protective clothing and equipment, which is provided by the Group.
- Conduct periodic internal and external audits of its safety, health and environmental management systems.
- Conduct continuing risk assessment, particularly on effective guarding of plant and equipment.
- Post appropriate signs.

- Train all new employees in basic safety as part of their induction programme.
- Provide additional training in first aid, fire fighting and the use of specialist safety equipment on an on-going basis.
- Carry out in-depth reviews of causes of accidents and implement necessary improvements to avoid a repetition.
- Benchmark with the mining industry regularly.
- Give appropriate publicity to health and safety issues.

Health & safety
- Employees are appropriately inducted and have annual medical examinations.
- Job risk assessments are done annually to identify hazards of heat, dust, noise, chemicals, metals and gases. Necessary control measures are in place to protect employees.
- HIV/AIDS initiatives have been run and awareness posters displayed on site.
- An HIV/AIDS policy was approved by the board in July 2004.
- CAFCA Limited was certified for OHSAS 18001: 2007 in 2009.

Environment
CAFCA Limited is continually improving its ISO 14001: 2004 environmental management system. The key environmental aspects CAFCA Limited is concentrating on are:
- Gases and fumes' emissions;
- Redundant cable;
- Waste consumption;
- Use of wooden battens and laggings;
- Noise;
- Diesel and petrol spillages;
- Fuel usage;
- Electricity.

Environmental measurement and monitoring is conducted on key aspects as per statutory and standard requirements.

Internal and external audits are carried out periodically to ensure full compliance with the requirements of ISO 14001: 2004 standard.

CAFCA Limited is also participating in the Workington/Southerton environmental cluster, which focuses on:
- Waste minimisation
- Pollution prevention
- Efficient use of natural resources.

We have not experienced any fatalities for over 4 years. Accidents are defined as incidents, which result in injury or illness. The target is zero.

Lost man days (from health and absenteeism)

Year	Number of lost man days	% of total lost man days
2014	445	1,17
2013	753	2,88
2012	841	3,22
2011	732	2,80
2010	716	2,13

Safety

Year	Number of accidents	Lost man days
2014	7	182
2013	16	15
2012	13	9
2011	8	130
2010	17	27

Operations report (continued)

CAFCA's carbon footprint 2014

Executive summary

Greenhouse gases (GHGs) are gaseous elements of the atmosphere that absorb and emit radiation. The gases act as a shield that traps heat in the earth's atmosphere. The resulting greenhouse gas effect contributes to global warming. The six GHGs listed in the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. A carbon footprint is the total set of greenhouse gases emissions caused by an organisation, event or product. It is expressed in terms of the amount of carbon dioxide or its equivalent of other GHGs emitted.

GHG figures for 2010 financial year formed the baseline for comparative reporting as shown in Table 1. Sources of GHG's at CAFCA have been confirmed and the GHG emissions due to the operations of the organisation were calculated for the 2014 financial year. The GHG figures for 2011, 2012 and 2013 financial years are shown for comparative purposes.

CAFCA emissions' reporting has been organised in accordance with the Greenhouse Gas Protocol Standard, which is used as a guideline and reference document to facilitate emissions reporting in line with international standards. The operational boundary has been defined as scope 1 (direct emissions) and scope 2 (indirect emissions) only. Scope 3 (other indirect emissions from reporting company's upstream and downstream activities) emissions have not been reported due to lack of accurate data from third parties. Both the Greenhouse Gas Protocol and ISO 14064 Part 1:2006 - Greenhouse Gases standards, state that it is optional to report scope 3 emissions.

Direct emissions at CAFCA result from the consumption of liquefied petroleum gas (LPG), diesel, petrol, acetylene and charcoal. Other direct emissions sources are carbon dioxide emissions from the copper smelting and extrusion processes. Indirect emissions at CAFCA are measured specifically from the use of purchased electricity.

Primary and secondary data is collected on a monthly basis from the company's departments. Emission factors to calculate carbon dioxide emissions or its equivalent are obtained from the Intergovernmental Panel on Climate Change (IPCC) (1996), IPCC (2006) and International Energy Agency (IEA, 2011).

These sources are the recommended ones for default emission factors.

CAFCA's total greenhouse gas emissions in 2014 were 3272 tonnes CO2. This is 11.7% decrease from previous year's total greenhouse gas emissions of 3706 tonnes CO2. Purchased electricity contributed 92% of the total greenhouse gas emissions in the year under review. Electricity consumption decreased by 10% in 2014 as compared to 2013. This was due to the fact that the copper smelting furnace was deliberately decommissioned in June 2013 in order to reduce both energy and maintenance costs. This decision was made based on the low production volumes which could be managed by only operating the copper casting furnace for both smelting and casting. Total production output marginally increased by 1.4% in 2014.

The overall electricity energy intensity decreased from 2593 Kwh/tonne to 2270 kwh/tonne (i.e 12.5% decrease in 2014). This was achieved as a result of the strategy of decommissioning the copper smelting furnace discussed above.

Going into 2015, the organisation expects to get energy performance improvements related to energy efficiency, use and consumption through the implementation of the Energy Management standard (ISO 50 001:2011). Areas of Significant Energy Uses (SEUs) have been identified, baseline measurements established for identified SEUs, future energy performance forecasted, variables affecting energy performance established and opportunities to improve energy performance identified. The organisation is forecasting a significant growth in production volumes in 2015. However, this volume growth is not expected to result in a significant increase in greenhouse gas emissions due to the expected benefits from improvements in energy performance.

The organisation is expecting to be certified to ISO 50001:2011 standard in the first quarter of 2015 financial year.

Electricity consumption decreased by 10% in 2014 as compared to 2013. This was due to the fact that the copper smelting furnace was deliberately decommissioned in June 2013 in order to reduce both energy and maintenance costs.

OVERVIEW

Table 1 which shows the CAFCA GHG emission inventories for 2010, 2011, 2012, 2013 and 2014.

TABLE 1: CAFCA GHG emissions inventories

Emission sources	2014 total emissions (tons CO_2) - 12 month period	2013 total emissions (tons CO_2) - 12 month period	2012 total emissions (tons CO_2) - 12 month period	2011 total emissions (tons CO_2) - 9 month period	2010 total emissions (tons CO_2) - 12 month period
Scope 1:					
PETROL					
Forklifts	0	0.46	16.46	17.35	10.95
Company vehicles	57.66	65.55	76.23	67.24	88.71
DIESEL					
Forklifts	22.39	27.52	13.6	7.1	14.84
Company vehicles	95.3	78.74	63.61	52.01	49.18
Generators	9.84	13.44	21.18	14.43	24.96
LPG	53.67	48.65	31.5	13.23	0.00024
CHARCOAL	1.22	61.49	45.45	1.52	6.6
HFC's					
Refridgerators	0.000765	0.000765	0.000765	0.000574	0.000765
Air conditioners	0.005	0.002	0.05	0.0375	0.05
ACETYLENE	0.62	0.44	0.44	0.79	0.676
GRAPHITE	5.59	4.345	3.151	2.82	4.66
EXTRUDERS	2.39	1.23	1.975	8.15	13.86
Scope 2:					
ELECTRICITY	3023.43	3403.71	3172.48	2363.65	2722.15
TOTAL GHG EMISSIONS	**3272.12**	**3705.58**	**3446.13**	**2548.33**	**2936.64**

Chairman's statement

Management and staff are to be commended for not only producing a credible profit but for eliminating the borrowings and generating cash.

Overview

CAFCA cable is used primarily in capital projects in the following sectors - utilities (power and telecommunications), mining, industry and construction which unfortunately has been curtailed mainly due to the liquidity crunch. The liquidity crunch continues to deteriorate as more companies come under stress and add to the banks' non performing loans portfolio.

The deterioration reduces the number of customers who are able to purchase and pay for cable resulting in lower local sales volume. Lower local sales volumes lead to lower throughput and diseconomies of scale which could result in uncompetitive pricing versus imports and thus even less local market share.

Therefore, our marketing strategies have been targeted at finding solutions to the lack of liquidity in the local market and benefiting from economies of scale by increasing throughput from increasing exports.

All our major customers are now benefiting from our ability to process recycled copper and where appropriate consignment stock. Having mastered the process of recycling copper we have been able to increase our exports to South Africa from the additional copper coming through the furnace.

Future outlook

With the marketing support of our Holding Company in South Africa we are hoping to increase sales volume.

Local sales will continue to be dominated by the barter deal with ZETDC as we do not expect much change in the local market.

We expect to generate cash in line with profits in the coming year which will be strategically invested back into the business to maintain competitiveness and broaden our product risk.

Thanks

A special thanks to our majority shareholder who has supported the company with a base load of work that allows us to benefit from economies of scale.

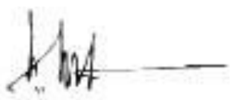
A special thanks to the support we get from the ZESA Group of Companies in particular for their participation in the copper recycling project.

We also acknowledge with thanks the support we get from our stakeholders who also contribute to the success of the company – our customers, suppliers, banks, auditors, lawyers and service providers.

Management and staff are to be commended for not only producing a credible profit but for eliminating the borrowings and generating cash.

During the year we were successfully audited by Standards Association of Zimbabwe ("SAZ") and South African Bureau of Standards ("SABS") and remain accredited with ISO 9001, ISO 14001, OHSAS 18001 and the SABS mark on our products. We will hopefully be able to add next year accreditation to the Energy Management System ISO 50001.

Lastly may I take this opportunity to thank my fellow directors for their valuable contribution and support.



H P MKUSHI	BOARD CHAIRMAN
CAFCA LIMITED	6 November 2014

Managing director's report

Locally the recycling project with ZETDC is working well with our target of 100 tonnes a month being met for the last 4 months. It is now 15 months since we last imported copper as a raw material relying solely on recycled copper procured locally.

Performance
During the year we sold 2210 tonnes of product, a volume increase of 5% over the previous year. This is now the second year running that we have had a volume increase, a fact that we are particularly proud of given the difficulties being experienced in the local market.

Having mastered the recycling process and utilising available capacity from the furnace we were able to increase exports from 313 tonnes to 363 tonnes mainly to South Africa with the support of our Holding Company.

Locally the recycling project with ZETDC is working well with our target of 100 tonnes a month being met for the last 4 months. It is now 15 months since we last imported copper as a raw material relying solely on recycled copper procured locally.

Operations
Production is focusing on getting 180 tonnes of copper through the furnace a month which will then allow us to export up to 100 tonnes of copper products a month. Aluminium plant capacity is around 125 tonnes per month which is being used solely to supply the local market.

As mentioned above we manufactured and sold 2210 tonnes of product in 2014 – if we can get the copper throughput right and continue getting the marketing support from our Holding Company then there is no reason why we cannot increase output. To increase output we will need to increase our workforce marginally but spend a lot more on maintaining machines as they are getting old. We currently spend about 20% of total monthly cost on spares and maintenance costs which will probably increase to between 25% and 30%. The option of replacing machines will be taken once we have a better idea of which machines to prioritise. Priority will be given to machines that are both costly to maintain and unreliable.

Staff
Our staff complement including 10 students on attachment has grown to 179 to cater for the increase in production.

Staff movements have been minimal during the year and increases in salaries and wages were well in excess of inflation.

Minor accidents in the workplace continue to be cause for concern and are being addressed through awareness training, hazard and risk identification and through enforcing safety procedures.

Outlook
We do not anticipate any changes in the local market due to the tight liquidity constraints, so we will continue to rely on the barter deal with ZETDC for the bulk of our local sales. We will maximise exports to our traditional markets to the North and then try and sell any excess capacity through our major shareholder to the South.

With this strategy we expect to see growth which should translate into cash as we are fully funded working capital wise. We would hope to invest the cash generated in production capacity.

Appreciation
We are grateful for the support we continue to get from our traditional loyal customers for whom we go the extra mile.

Strategically our suppliers are key to our success and we thank them for their support.

Thanks also to our service providers being our bankers, lawyers and auditors who continue to offer us professional and efficient services.

Lastly to the directors and staff of CAFCA Limited, a special thanks for each of your contributions which together allowed CAFCA to have ano[illegible]ar.

R. N. WEBSTER
MANAGING DIRECTOR

CAFCA LIMITED
6 November 2014

Directors' declaration

In the opinion of the directors of CAFCA Limited, the financial statements and notes set out on pages 16 to 45 have been prepared in accordance with the Zimbabwe Companies Act (Chapter 24:03) and:

- Give a true and fair view of the financial position of the Group as at 30 September 2014 and its performance as represented by the results of its operations and its cash flows for the year then ended.

- Comply with International Financial Reporting Standards.

The directors confirm that the Group has adequate resources to operate for the foreseeable future and will remain a viable going concern in the year ahead.

Signed in accordance with a resolution of the directors:

H. P. Mkushi	R. N. Webster
Chairman	Managing Director
Harare, Zimbabwe	Harare, Zimbabwe
6 November 2014	6 November 2014

Independent auditor's report

to the shareholders of

CAFCA LIMITED

We have audited the consolidated financial statements of CAFCA Limited and its subsidiary (the "Group"), and the statement of financial position of CAFCA Limited (the "Company") standing alone, (together the "financial statements"), which comprise the consolidated and separate statements of financial position as at 30 September 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 16 to 45.

Director's responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and the Company as at 30 September 2014, and the Group's consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Harare

19 January 2015

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
P O Box 453, Harare, Zimbabwe
T: +263 (4) 338362-8, F: +263 (4) 338395, www.pwc.com

T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

FINANCIAL REPORT

Statement of financial position

As at 30 September 2014

		GROUP		COMPANY	
	Notes	**2014 US$**	**2013 US$**	**2014 US$**	**2013 US$**
ASSETS					
Non-current assets					
Property, plant and equipment	7	3 139 270	3 092 748	-	-
Investment property	8	-	-	105 143	105 143
Investment in subsidiary	9	-	-	129 423	127 047
Loans and receivables	10	18 540	-	-	-
		3 157 810	3 092 748	234 566	232 190
Current assets					
Inventories	11	7 203 848	5 750 874	-	-
Trade and other receivables	12	3 307 196	5 118 150	-	-
Cash and cash equivalents (excluding bank overdraft)	13	1 247 782	64 784	-	-
		11 758 825	10 933 808	-	-
Total assets		14 916 636	14 026 556	234 566	232 190
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the parent					
Share capital	14.2	326	326	326	326
Share premium	14.2	87 699	80 699	87 699	80 699
Share option reserve	14.3	41 722	46 346	41 722	46 346
Retained earnings		12 139 864	10 112 248	99 562	99 562
Total equity		12 269 611	10 239 619	229 309	226 933
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	15	633 336	680 948	5 257	5 257
Current liabilities					
Trade and other payables	16	1 701 384	1 276 041	-	-
Provisions for other liabilities and charges	17	275 498	87 948	-	-
Borrowings	18	-	1 742 000	-	-
Current income tax liabilities		36 807	-	-	-
		2 013 689	3 105 989	-	-
Total liabilities		2 647 025	3 786 937	5 257	5 257
Total equity and liabilities		14 916 636	14 026 556	234 566	232 190

These financial statements were approved for issue by the board of directors on 6 November 2014 and signed on its behalf by:

H.P Mkushi
Chairman

R.N Webster
Managing Director

Consolidated statement of comprehensive income

For the year ended 30 September 2014

	Notes	2014 US$	2013 US$
Revenue	19	23 607 380	23 858 213
Cost of sales	21	(17 333 145)	(18 818 048)
Gross profit		6 274 235	5 040 165
Distribution costs	21	(133 614)	(152 925)
Administrative expenses	21	(3 560 878)	(2 891 564)
Other income	20	140 324	72 666
Operating profit		2 720 067	2 068 342
Finance income	22	17 531	495
Finance costs	23	(52 207)	(157 950)
Profit before income tax		2 685 391	1 910 887
Income tax expense	24	(657 775)	(494 378)
Profit for the year		2 027 616	1 416 509
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		2 027 616	1 416 509
Attributable to:			
- Owners of the parent		2 027 616	1 416 509
- Non-controlling interest		-	-
		2 027 616	1 416 509
Basic earnings per share (cents)	25	6.21	4.34
Diluted earnings per share (cents)	25	6.16	4.30

FINANCIAL REPORT

Consolidated statement of changes in equity

For the year ended 30 September 2014

	Share capital US$	Share premium US$	Share option reserve US$	Retained earnings US$	Total US$
Year ended 30 September 2013					
Balance at 1 October 2012	326	80 699	65 497	8 695 739	8 842 261
Total comprehensive income for the year	-	-	-	1 416 509	1 416 509
Profit for the year	-	-	-	1 416 509	1 416 509
Other comprehensive income for the year	-	-	-	-	-
Transactions with owners:					
Share options	-	-	(19 151)	-	(19 151)
Balance at 30 September 2013	326	80 699	46 346	10 112 248	10 239 619
Year ended 30 September 2014					
Balance at 1 October 2013	326	80 699	46 346	10 112 248	10 239 619
Total comprehensive income for the year	-	-	-	2 027 616	2 027 616
Profit for the year	-	-	-	2 027 616	2 027 616
Other comprehensive income for the year	-	-	-	-	-
Transactions with owners:					
Issue of shares	-	7 000	-	-	7 000
Share options	-	-	(4 624)	-	(4 624)
Balance at 30 September 2014	326	87 699	41 722	12 139 864	12 269 611

FINANCIAL REPORT

Consolidated statement of cash flows

For the year ended 30 September 2014

	Notes	2014 US$	2013 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		2 685 390	1 910 887
Adjustments for:			
Depreciation	**7**	254 441	223 702
Treasury bills redeemed from the Reserve Bank of Zimbabwe		(18 540)	-
Profit on disposal of property, plant and equipment		(21 188)	(1 130)
Share option credit	**14**	(4 624)	(19 151)
Finance income	**22**	(17 531)	(495)
Finance costs	**23**	52 207	157 950
Allowance for impairment of trade receivables		162 917	24 847
Profit on sale of investment in Medical Investments (Private) Limited		(61 200)	-
Working capital changes:			
(Increase)/decrease in inventories		(1 452 972)	678 002
Decrease/(increase) in trade and other receivables		1 709 238	(1 703 259)
Increase/(decrease) in trade and other payables		425 343	(1 165 509)
Increase/(decrease) in provision for other liabilities and charges		187 550	(140 575)
Net cash generated from/(utilised in) operations		3 901 031	(34 731)
Finance income	**22**	17 531	495
Finance costs	**22**	(52 207)	(157 950)
Income tax paid		(668 582)	(546 932)
Net cash generated from/(utilised in) operating activities		3 197 773	(739 118)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	**7**	(300 963)	(250 210)
Proceeds from sale of property, plant and equipment		21 188	1 130
Net cash utilised in investing activities		(279 775)	(249 080)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	**14**	7 000	-
Net cash generated from financing activities		7 000	-
Net increase/(decrease) in cash and cash equivalents		2 924 998	(988 198)
Cash and cash equivalents at the beginning of the year		(1 677 216)	(689 018)
Cash and cash equivalents at the end of the year	**13**	1 247 782	(1 677 216)

Notes to the financial statements

For the year ended 30 September 2014

1 GENERAL INFORMATION

CAFCA Limited is a public limited liability company incorporated in Zimbabwe. The Company has its primary listing on the Zimbabwe Stock Exchange and a secondary listing on the Johannesburg Stock Exchange and London Stock Exchange. These financial statements were approved for issue by the Board of Directors on 6 November 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

The financial statements of CAFCA Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and the requirements of the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96. The financial statements have been prepared under the historical cost convention.

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 financial statements are disclosed in note 4.

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations effective for the first time for 30 September 2014 year ends that are relevant to the Group

The following new standards, amendments and interpretations are effective for accounting periods ending 30 September 2014 and are relevant to the Group.

Topic	Effective date	Key requirements
Annual improvements 2011 • IFRS 1, 'First time adoption' • IAS 1, 'Financial statement presentation' • IAS 16, 'Property plant and equipment' • IAS 32, 'Financial instruments; Presentation' • IAS 34, 'Interim financial reporting'	1 January 2013	Improvements, to IFRSs (2009 - 2011) was issued by the IASB as part of the 'annual improvements process'.
IAS 27 (revised 2011) – Separate financial statements	1 January 2013	This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
Amendment to IFRS 7 financial instruments: Disclosures – Asset and liability offsetting	1 January 2013	'The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP".
IFRS 10 – Consolidated financial statements	1 January 2013	This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.
Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities'	1 January 2013	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.
IFRS 12 – Disclosures of interests in other entities	1 January 2013	This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IFRS 13 – Fair value measurement	1 January 2013	This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

None of these are expected to have a significant effect on the financial statements of the Group.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.2 Changes in accounting policy and disclosures (continued)

b) New standards, amendments and interpretations effective for the first time for 30 September 2014 year ends that are not relevant to the Group (although they may affect accounting for future transactions)

The following new standards, amendments and interpretations are effective for accounting periods ending 30 September 2014 and are relevant to the Group.

Topic	Effective date	Key requirements
IAS 19 "Employee benefits"	1 January 2013	The IASB has issued an amendment to IAS 19, 'Employee benifits' which makes significant changes to the recognition and measurement of defined benifit pension expense and termination benifits, to the disclosures for all emlpoyee benefits.
IAS 28 (revised 2011) – Associates and joint ventures	1 January 2013	This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
Amendment to IFRS 1, 'First time adoption' on government loans	1 January 2013	This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
IFRS 11 – Joint arrangements	1 January 2013	This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
IFRIC 20 - Stripping costs in the production phase of a surface mine	1 January 2013	In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.2 Changes in accounting policy and disclosures (continued)

c) New standards, amendments and interpretations that have been issued but not effective for 30 September 2014 year ends that are relevant to the Group but have not been early adopted

Topic	Effective date	Key requirements
Amendment to IAS 24, "Related party disclosures"	1 July 2014	The standard is amended to include, as a related party, an entity disclosures' that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').
Amendment to IAS 40, 'Investment property'	1 July 2014	The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.
Amendment to IFRS 2, 'Share based payment'	1 July 2014	The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.
Amendment to IFRS 8, 'Operating segments'	1 July 2014	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
IFRS 9 – Financial instruments (2009)	1 January 2018	The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories forfinancial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.
IFRS 9 – Financial instruments (2010)	1 January 2018	The ISAB has updated IFRS 9, 'Financial instruments' to include guidance on include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognition financial instruments has been relocated from IAS 39. 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.
Amendments to IFRS 9 - Financial instruments (2011)	1 January 2018	The ISAB has published an amendment to IFRS 9, 'Financial instruments' that delays the effective date to annual periods beginning on or after 1 January 2018. The original effective date for annual periods beginning on or after 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transaction have also been modified.
Amendments to IAS 32 – Financial instruments: Presentation: on asset and liability offsetting	1 January 2014	The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.
IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets'	1 January 2014	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.2 Changes in accounting policy and disclosures (continued)

c) New standards, amendments and interpretations that have been issued but not effective for 30 September 2014 year ends that are relevant to the Group but have not been early adopted (continued)

Topic	Effective date	Key requirements
Amendment to IAS 19 – Employee benefits	1 January 2016	Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
IFRS 14 - Regulatory deferral accounts	1 January 2016	The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.
Amendment to IAS 39, 'Financial instruments: recognition and measurement on novation of derivatives	1 January 2014	This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.
Amendment to IFRS 3, 'Business combinations'	1 July 2014	The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.
IFRS 5 Non-current assets held for sale and discontinued operations	1 January 2016	This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
IFRS 7 – Financial instruments; disclosures	1 January 2016	Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
Amendment to IFRS 11, 'Joint arrangements' regarding acquisition of an interest in a joint operation.	1 January 2016	This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.
Amendment to IAS 19 regarding defined benefit plan	1 July 2014	These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
Amendment to IAS 39 on novation of derivatives	1 January 2014	The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'.
IFRIC 21, 'Accounting for levies'	1 January 2014	IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised.
IFRS 1, 'First-time adoption of International Financial Reporting Standards'	1 July 2014	The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the standard is applied in all periods presented.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2 .2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

(a) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2 Segment reporting

Operating segments are reported in a manner consistent with 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 executive team that makes strategic decisions.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the United States Dollar ("US$"), which is the Group and Company's presentation and functional currency.

3. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit or loss within 'other (losses)/gains – net'.

2.5 Property, plant and equipment

Land and buildings comprise an office block, factory and warehouses. Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	10 to15 years
Motor vehicles	3 to 10 years
Office equipment	3 to 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment property

Investment property is property held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

• use in the production or supply of goods or services or for administrative purposes; or

• sale in the ordinary course of business.

The investment property comprises land which is stated at cost and is not depreciated.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains and losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal at each reporting date.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, loans and receivables and cash and cash equivalents on the statement of financial position.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instruments fair value using an observable market price.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (continued)

Assets carried at amortised cost

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year (or less in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Zimbabwe. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or, deferred income liability is settled.

Deferred income tax assets are recognised only to the extent that is it probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, only to the extent that is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income levied by the same taxation authority on either same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.6 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 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.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre payment for liquidity services and amortised over the period of the facility to which it relates.

2.19 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied in the ordinary course of the Group's activities. Revenue is shown, net of value added tax, returns, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.
The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods - wholesale
Sales of goods are recognised when the products have been delivered to the customer and the customer has accepted the products.

(b) Sales of goods - retail
Sales of goods are recognised when the Group sells a product to the customer.

(c) Services- rental income
Rental income is realised from the leasing of buildings to third parties.

2.21 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits

(a) Pension obligations

The Group operates a defined contribution plan, the assets of which are held in a separate fund administered by Marsh Employee Benefits Zimbabwe (Private) Limited. 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 obligation 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 or prior periods. The pension plan is funded by payments from employees and by the Group and by taking account of the recommendations of independent actuaries. The Group has no further obligation once the contributions have been paid. The contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(b) Termination benefits

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

(c) Short term employee benefits

Short term benefits consists of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(d) Bonus plan

The Group recognises a liability and an expense for bonus based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.23 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 shareholders.

2.24 Share-based payments

The Group operates an equity settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any services and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a special period of time).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises the estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss with a corresponding adjustment to equity.

Where the Group cannot estimate reliably the fair value of the equity instruments granted at measurement date, the Group measures the equity instruments at their intrinsic value.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of the subsidiary is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in the subsidiary undertaking, with a corresponding credit to equity in the Company's financial statements.

2.25 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

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 price risk), credit risk, liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors, (the "board"). 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, and the investment of excess liquidity.

(a) **Market risk**

(i) Foreign exchange risk

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign currency risk arising from various currency exposures on purchases that are denominated in a currency other than the US$, primarily with respect to the South African Rand ("ZAR").

Management has set up a policy requiring the Group to manage its foreign exchange risk against their functional currency. As at the reporting date, the Group had no significant exposures to foreign exchange risk (2013:US$nil).

(ii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk and currency risk whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market.

The Group is not exposed to commodity or equity security price risk because it had no assets nor obligations that expose the Group to these risks at the reporting date (2013:US$nil).

(iii) Cash flow and interest rate risk

Cash flow and fair value interest rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group has no borrowings issued at variable rates and is therefore not exposed to cash flow interest rate risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding trade receivables. The Group manages and analyses credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Only approved financial institutions with sound capital bases are utilised to invest surplus funds. For customers, credit control assesses the credit worthiness of the customers before credit is granted.

The executive management team meets regularly to manage the concentration of credit risk and set and assess limits for the individual customer. The team assesses the credit risk quality of the customer, taking into account its financial position, past experience and other factors. Counterparty specific exposure is monitored against concentration of credit risk in relation to the total credit risk exposure to all counterparties. The Group has well established credit control procedures that monitor activity on a customer account and allow for remedial actions should the customer not comply with payment terms. Payment terms and credit limits vary between customer classes as follows:

- key customer: individually negotiated up to a maximum of 60 days
- other customers: 30 days

Credit limits are open, but are monitored based on the financial position and history of the customer's ability to pay. In the view of management, the credit quality of trade receivables is considered sound and there is no recent history of default. Management does not expect any losses from non-performance by counter parties.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

	GROUP 2014 US$	GROUP 2013 US$
The Group's maximum exposure to credit risk by class of financial asset is as follows:		
Loans and receivables	18 540	-
Trade and other receivables (excluding prepayments)	3 033 047	5 102 157
Cash at bank	1 240 301	53 117
	4 291 888	5 155 274

The fair value of cash at bank, and trade and other receivables at 30 September 2014 approximates the carrying amount because of their short tenor.

Credit quality of financial assets
The credit quality of loans and receivables can be assessed by reference to historical information about counterparty default rates:

	GROUP 2014 US$	GROUP 2013 US$
Counterparties without external credit rating:		
Group 1	2 807 741	5 042 261
Group 2	33 856	46 824
Group 3	191 450	13 072
Group 4	18 540	-
	3 051 587	5 102 157

Group 1 - Existing customers with no defaults in the past
Group 2 - Existing customers with some defaults in the past. All defaults were fully recovered.
Group 3 - Existing customers with defaults not recovered.
Group 4 - Treasury bills guaranteed by the Government of Zimbabwe

The concentration of credit risk with Zimbabwe Electricity Transmission and Distribution Company (Private) Limited ("ZETDC") as at 30 September 2014 was US$506 180 (2013:US$2 487 933). The Group holds cash accounts with high quality financial institutions with sound financial and capital cover. The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings:

Financial institution	Rating	GROUP 2014 US$	GROUP 2013 US$
Barclays Bank of Zimbabwe Limited	AA-	19 615	52 818
Standard Chartered Bank Zimbabwe Limited	AA-	120	4
Stanbic Bank Zimbabwe Limited	AA-	163 749	87
MBCA Bank Limited	A+	40 174	36
African Banking Corporation of Zimbabwe Limited	BBB	18	172
Central Africa Building Society	A+	1 016 625	-
		1 240 301	53 117

The balance of cash and bank comprise of petty cash balances held by the entity amounting to US$7 481 (2013:US$11 667).

(c) Liquidity risk
Liquidity risk is the risk that the Group may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. Where major gaps appear, action is taken in advance to close or minimise the gaps. Cash flow forecasting is performed in the operating entity. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 18) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets.

Surplus cash held by the operating entity over and above the balance required for working capital management is invested in interest bearing current accounts, time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	Up to 1 month US$	1 month to 6 months US$	6 months to 1 year US$	1 year to 4 years US$	Total US$
At 30 September 2014					
Assets					
Loans and receivables	-	-	-	18 540	18 540
Trade and other receivables (excluding prepayments)	2 091 201	796 803	145 043	-	3 033 047
Cash and cash equivalents	1 247 782	-	-	-	1 247 782
	3 338 983	796 803	145 044	18 540	4 299 370
Liabilities					
Trade and other payables (excluding statutory liabilities)	1 362 160	262 914	-	-	1 625 074
	1 362 160	262 914	-	-	1 625 074
Liquidity gap	1 976 823	533 889	145 044	18 540	2 674 296
Cumulative liquidity gap	1 976 823	2 510 712	2 655 756	2 674 296	-
At 30 September 2013					
Assets					
Trade and other receivables (excluding prepayments)	2 370 576	2 676 402	55 179	-	5 102 157
Cash and cash equivalents	64 784	-	-	-	64 784
	2 435 360	2 676 402	55 179	-	5 166 941
Liabilities					
Trade and other payables (excluding statutory liabilities)	1 205 228	8 575	-	-	1 213 803
Borrowings	1 742 000	-	-	-	1 742 000
	2 947 228	8 575	-	-	2 955 803
Cumulative liquidity gap	(511 868)	2 155 959	2 211 138	2 211 138	-

The Group determines ideal weights for maturity time buckets which are used to benchmark the actual maturity profile.
Maturing mismatches across the time buckets are managed through borrowings.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

3.2 Capital 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.

Consistent with others in the industry, 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 calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

During the year the Group's strategy was to eliminate borrowings.

The gearing ratios at 30 September were as follows:

	GROUP	
	2014 US$	**2013 US$**
Total borrowings (note 18)	-	1 742 000
Less: cash and cash equivalents	(1 247 782)	(64 784)
Net (cash and cash equivalents)/debt	(1 247 782)	1 677 216
Total equity	12 269 611	10 239 619
Total capital	11 021 829	11 916 835
Gearing ratio	0%	14%

3.3 Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources: unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Quoted market prices - Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

This level includes listed equity securities traded on the Zimbabwe Stock Exchange.

Valuation technique using observable inputs - Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

Valuation technique using significant and unobservable inputs - Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The Group had no financial assets or liabilities carried at fair value as at 30 September 2014 (2013: US$ nil).

Notes to the financial statements

For the year ended 30 September 2014 (continued)

3.3 Fair value estimation (continued)

Fair values of investment property
A director's valuation of the Company's investment property was performed to determine the fair value as at 30 September 2014

Fair value measurements using significant unobservable inputs (Level 3**)**

	COMPANY	
	2014 US$	**2013 US$**
Investment property	417 998	417 998

There are no level 1 and 2 assets or transfers between levels 1 and 2 during 2014 or 2013.

Level 3 fair values of investment property have been derived using the sales comparison approach by the finance team and the

Managing Director. However for manufacturing sites there have been a limited number of similar sales in the local market and the valuations have been performed using unobservable inputs. The team has determined these inputs based on the size of the property, location of the land and the state of the local economy.

Information about fair value measurements using significant unobservable inputs (Level 3)

	Fair value at 31 December 2014 and 2013 US$	**Valuation technique**	**Unobservable inputs**	**Range of unobservable (probability–inputs weighted average)**	**Relationship of unobservable imputs to fair value**
Investment property	417 998	Sales comparison approach	Price per square metre	US$0.5 - US$8 (US$ 3.2)	The higher the price per square metre, the higher the fair value

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value
The fair value is an estimate of 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 following table summarises the fair value of assets and liabilities not measured at fair value on the entity's statement of financial position.

FINANCIAL REPORT

Notes to the financial statements

For the year ended 30 September 2014 (continued)

3.3 Fair value estimation (continued)

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value (continued)	GROUP 2014 US$	GROUP 2013 US$
Financial assets		
Loans and other receivables	18 540	-
Trade and other receivables (excluding prepayments)	3 033 048	5 102 157
	3 051 588	5 102 157

The carrying amount of trade and other receivables closely approximates its fair value as the instruments are short term in nature. The carrying amounts of loans and other receivables carried at amortised cost closely approximate their fair values because of their short term nature.

	2014 US$	2013 US$
Financial liabilities		
Trade and other payables (excluding statutory liabilities)	1 625 073	1 213 803
Borrowings	-	1 742 000
	1 625 073	2 955 803

The carrying amounts of financial liabilities carried at amortised cost closely approximate their fair values. The impact of discounting on borrowings and trade and other payables is not significant due to the market terms (rates and tenor) available (borrowings) and because the instruments are short term in nature (trade and other payables).

3.4 FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per statement of financial position:

Loans and receivables:	2014 US$	2013 US$
Loans and receivables	18 540	-
Trade and other receivables (excluding prepayments)	3 033 047	5 102 157
Cash and cash equivalents	1 247 782	64 784
	4 299 369	5 166 941
Other financial liabilities at amortised cost:		
Trade and other payables (excluding statutory liabilities)	1 625 073	1 213 803
Borrowings	-	1 742 000
	1 625 073	2 955 803

Notes to the financial statements

For the year ended 30 September 2014 (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Income taxes

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 audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact, the current and deferred income tax assets and liabilities in the period in which such determination is made.

b) Useful lives and residual value of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. These estimates are based on projected life cycles of these assets. It could change significantly as a result of technological innovations and competitor actions in response to severe industry cycles. 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.

The carrying amount of property, plant and equipment would be an estimated US$25 444 (2013:US$22 370) lower or higher where the useful lives was to differ from management's estimate by 10%.

c) Going concern

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

5. CHANGE IN ACCOUNTING POLICY

During the year the Group changed its accounting policy for the valuation of inventory from the first-in-first-out ("FIFO") method to the weighted average method. This change was effected as a result of the change in accounting system to a system that only values inventory using the weighted average cost method. The opening balance of retained earnings at the beginning of 2013 and the comparative amounts were not restated as the effect of the change was considered immaterial. The effect of the change in accounting policy on the results for 2013 and 2014 is summarised below:

	GROUP				
	Raw materials US$	**Work in progress US$**	**Finished goods US$**	**Provision for slow moving and obsolete inventory US$**	**Total US$**
Year ended 31 December 2013					
Inventory value at first in first out	3 132 176	243 062	2 456 784	(85 851)	5 746 171
Inventory value at weighted average cost	3 127 223	265 334	2 444 167	(85 851)	5 750 873
Impact on cost of sales	4 953	(22 272)	12 617	-	(4 702)
Year ended 31 December 2014					
Inventory value at first in first out	4 420 570	880 957	1 954 040	(58 247)	7 197 320
Inventory at weighted average cost	4 436 349	876 767	1 948 977	(58 247)	7 203 846
Impact on cost of sales	(15 779)	4 190	5 063	-	(6 526)

Notes to the financial statements

For the year ended 30 September 2014 (continued)

6. SEGMENTAL INFORMATION

The executive management team is the Group's chief operating decision-maker. Management has determined the operating segments based on the reports reviewed by the executive management team for the purposes of making strategic decisions and assessing performance.

The Group has one product line, and operates in one industry sector.
Revenue is primarily from customers who are domiciled in Zimbabwe and other revenue is from external customers domiciled in South Africa, Malawi and Zambia.

	GROUP	
Revenue	**2014 US$**	**2013 US$**
Revenue from customers domiciled in Zimbabwe	20 034 889	21 267 729
Revenue from external customers	3 572 491	2 590 484
	23 607 380	23 858 213

Revenues from transactions with single local customers that amounted to 10% or more each, of the Group's revenues, total approximately US$11 690 407 (2013: US$8 986 333). These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the major component of the total revenue from three major individual local customers with revenue of at least 10% each is as follows:

	2014 US$	2013 US$
Energy transmission	9 166 107	6 385 458
Distributors	2 524 300	2 600 875
	11 690 407	8 986 333

Entity-wide information

The total of non-current assets located in Zimbabwe is US$3 157 810 (2013: US$3 092 748), and there are no non-current assets located in other countries.

The segment information provided to the executive management team for the product reportable segments for the year ended 30 September is as follows:

	GROUP			
	2014 Cables US$	**2014 Total US$**	**2013 Cables US$**	**2013 Total US$**
Revenue from customers	23 607 380	23 607 380	23 858 213	23 858 213
Depreciation	254 441	254 441	223 702	223 702
Share option credit	(4 624)	(4 624)	(19 151)	(19 151)
Operating profit	2 720 067	2 720 067	2 068 342	2 068 342
Finance income	(17 531)	(17 531)	(495)	(495)
Finance cost	52 207	52 207	157 950	157 950
Income tax expense	657 775	657 775	494 378	494 378
Total assets	14 916 635	14 916 635	14 026 556	14 026 556
Total liabilities	2 647 025	2 647 025	3 786 937	3 786 937

Notes to the financial statements

For the year ended 30 September 2014 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Land US$	Buildings US$	Plant and equipment US$	Motor vehicles US$	Office equipment US$	Total US$
Year ended 30 September 2013						
Opening net book amount	105 143	731 367	1 981 716	248 014	-	3 066 240
Additions	-	-	165 451	60 155	24 604	250 210
Depreciation charge	-	(21 579)	(111 142)	(89 614)	(1 367)	(223 702)
Closing net book amount	105 143	709 788	2 036 025	218 555	23 237	3 092 748
At 30 September 2013						
Cost	105 143	799 973	2 499 390	541 317	24 604	3 970 427
Accumulated depreciation	-	(90 185)	(463 365)	(322 762)	(1 367)	(877 679)
Net book amount	105 143	709 788	2 036 025	218 555	23 237	3 092 748
Year ended 30 September 2014						
Opening net book amount	105 143	709 788	2 036 025	218 555	23 237	3 092 748
Additions	-	9 883	46 444	235 940	8 696	300 963
Depreciation charge	-	(18 574)	(127 899)	(97 110)	(10 858)	(254 441)
Closing net book amount	105 143	701 097	1 954 570	357 385	21 075	3 139 270
At 30 September 2014						
Cost	105 143	809 856	2 545 834	722 251	33 300	4 216 384
Accumulated depreciation	-	(108 759)	(591 264)	(364 866)	(12 225)	(1 077 114)
Net book amount	105 143	701 097	1 954 570	357 385	21 075	3 139 270

Depreciation expense of US$ 126 542 (2013: US$112 560) has been charged in 'administrative expenses' and US$127 899 (2013: US$111 142) has been charged to cost of sales.

	COMPANY	
	2014 US$	**2013 US$**
8. INVESTMENT PROPERTY		
Net book amount	105 143	105 143

The investment property comprises land which is not depreciated.
The land is occupied by the subsidiary BICC Central Africa (Private) Limited and is used for the subsidiary's operations. The investment property is classified as property, plant and equipment in the Group financial statements.

The fair value of investment property has been disclosed in note (3.3).

	2014 US$	2013 US$
9. INVESTMENT IN SUBSIDIARY		
At 1 October	127 047	146 198
Share option credit	(4 624)	(19 151)
Movement in share premium	7 000	-
At 30 September	129 423	127 047

The investment in the subsidiary comprises 100% shareholding in BICC Central Africa (Private) Limited.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

		GROUP	
		2014	2013
10.	LOANS AND RECEIVABLES	US$	US$
	Treasury bills	18 540	-
	The maturity analysis of treasury bills is as follows:		
	Maturity date 10 April 2017	6 180	-
	Maturity date 10 April 2018	6 180	-
	Maturity date 10 April 2019	6 180	-
		18 540	-

These treasury bills were issued by the Government of Zimbabwe on account of the entity's foreign currency account balance transferred to the Reserve Bank of Zimbabwe as a way of settling indebtedness.

Loans and receivables are denominated in US$, and earn interest at 2% per annum.

The maximum exposure to credit risk at the reporting date is the carrying value of the securities classified as loans and other receivables.

None of the loans and receivables are either past due or impaired.

The Group does not hold any collateral as security.

		2014 US$	2013 US$
11.	INVENTORIES		
	Raw materials and consumables	4 375 309	3 127 223
	Work in progress	876 767	265 334
	Finished goods	1 948 977	2 444 167
	Goods in transit	61 042	-
		7 262 094	5 836 724
	Allowance for slow moving and obsolete stock	(58 247)	(85 850)
		7 203 848	5 750 874

The cost of inventories recognised as expense and included in 'cost of sales' amounted to US$14 661 219 (2013: US$16 206 025).

There were no inventories written down to net realisable value during the year (2013:US$nil).

There were no inventories pledged as security during the year (2013:US$nil).

		2014 US$	2013 US$
12.	TRADE AND OTHER RECEIVABLES		
	Trade receivables	2 256 377	5 118 886
	Less: allowance for impairment of trade receivables	(194 609)	(31 692)
	Trade receivables - net	2 061 768	5 087 194
	Prepayments	274 149	15 993
	Amounts due from related parties (note 27)	774 673	-
	Value Added Tax (“VAT”) refundable	125 095	-
	Amounts due on sale of investment in Medical Investments (Private) Limited	61 200	-
	Other receivables	10 311	14 963
		3 307 196	5 118 150

At 30 September 2014, trade receivables amounting to US$ 2 023 825 (2013: US$ 2 389 992) were fully performing.

At 30 September 2014, trade receivables amounting to US$37 943 (2013: US$2 697 202) were past due but not impaired. At 30 September 2014, the ageing analysis of past due but not impaired trade receivables is as follows:

	2014 US$	2013 US$
1 month to 3 months	-	1 812 915
3 months to 6 months	37 943	884 287
	37 943	2 697 202

Notes to the financial statements

For the year ended 30 September 2014 (continued)

	GROUP 2014 US$	GROUP 2013 US$
12. TRADE AND OTHER RECEIVABLES (continued)		
At 30 September 2014, trade receivables amounting to US$194 609 (2013:US$ 31 692) were past due and impaired. The ageing analysis of impaired trade receivables is as follows:		
1 month to 3 months	-	1 180
3 months to 6 months	57 906	14 361
6 months to 1 year	136 703	16 151
	194 609	31 692
The carrying amounts of the Group's trade and other receivables are denominated in US$.		
At 1 October	31 692	6 845
Allowance for impairment of trade receivables	162 917	24 847
	194 609	31 692

The other classes within trade and other receivables do not contain impaired assets.

The fair value of trade and other receivables approximate the carrying values.

The Group does not hold any collateral as security.

	GROUP 2014 US$	GROUP 2013 US$
13. CASH AND CASH EQUIVALENTS		
Cash at bank	1 240 301	53 117
Cash on hand	7 481	11 667
Cash and cash equivalents (excluding bank overdraft)	1 247 782	64 784
Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	1 247 782	64 784
Bank overdraft (note 18)	-	(1 742 000)
	1 247 782	(1 677 216)

GROUP AND COMPANY

	US$	US$
14. RESERVES		
14.1 Authorised		
50 000 000 ordinary shares of US$0.00001 each.	500	500

14.2 Issued and fully paid	Number of shares	Ordinary shares US$	Share premium US$	Total shares US$
At 1 October 2012	32 609 000	326	80 699	81 025
Employee share option scheme:				
Shares issued	-	-	-	-
At 30 September 2013	32 609 000	326	80 699	81 025
At 1 October 2013	32 609 000	326	80 699	81 025
Employee share option scheme:				
Shares issued	58 333	-	7 000	7 000
At 30 September 2014	32 667 333	326	87 699	88 025

The unissued share capital is under the control of the directors subject to the limitations of the Zimbabwe Companies Act, (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations.

Notes to the financial statements

For the year ended 30 September 2014 (continued)

14. RESERVES (continued)

14.3 Share option reserve

Share options are granted to directors and selected employees. The directors were empowered to allot 3 232 700 unissued ordinary shares to senior personnel for the purpose of fulfilling the requirements of the employee share option scheme. The exercise price of the granted options is equal to the market prices of the shares on the date of the grant. Under the current scheme, share options granted are exercisable between 31 December 2013 and 31 December 2015 at a price of US$0.12 cents per share.

The Group has no legal or constructive obligation for repurchase or to settle the options in cash. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	GROUP AND COMPANY			
	2014 Number of share options issued	2014 Exercise price per share US$	2013 Number of share options issued	2013 Exercise price per share US$
Outstanding at the beginning of the year	310 000		355 000	
Forfeited	-		(45 000)	
Exercised	(58 333)		-	
Outstanding at the end of the year	251 667	0.12	310 000	0.12
Options authorised	3 232 700		3 232 700	

Under the share option scheme, share options outstanding at the end of the year accrue to the grantee and will expire on 31 December 2020. Total granted shares can be exercised on the following dates:

Options exercisable from 2013	45 001	0.12	103 334	0.12
Options exercisable from 2014	103 333	0.12	103 333	0.12
Options vesting in 2015	103 333	0.12	103 333	0.12
	251 667		310 000	

Of the 251 667 outstanding share options, 148 334 (2013:103 333) are currently exercisable. The share-based transactions have been valued using the intrinsic value method because the fair value of the instruments cannot be estimated reliably. The intrinsic value is the difference between the market value of the share to which the employee has the right to subscribe or which the employee has the right to receive and the price the employee is required to pay for those shares.

All the outstanding share options are held by key management.

There are no vesting conditions.

	GROUP AND COMPANY	
The movement on the share option reserve is as follows:	2014 US$	2013 US$
At 1 October	46 346	65 497
Credit to the income statement	(4 624)	(19 151)
At 30 September	41 722	46 346

Notes to the financial statements

For the year ended 30 September 2014 (continued)

15. DEFERRED INCOME TAXES

	GROUP		COMPANY	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
The analysis of deferred income tax assets and deferred income tax liabilities is as follows:				
Deferred income tax assets:				
Deferred income tax assets to be recovered after more than 12 months	(3 550)	(3 720)	-	-
Deferred income tax assets to be recovered within 12 months	(62 561)	-	-	-
	(66 111)	(3 720)	-	-
Deferred income tax liabilities:				
Deferred income tax liabilities to be recovered after more than 12 months	628 853	684 668	5 257	5 257
Deferred income tax liabilities to be recovered within 12 months	70 594	-	-	-
	699 447	684 668	5 257	5 257
Deferred income tax liabilities (net)	633 336	680 948	5 257	5 257
The gross movement on the deferred income tax account is as follows:				
At 1 October	680 948	732 929	5 257	5 257
Income statement credit	(47 612)	(51 981)	-	-
At 30 September	633 336	680 948	5 257	5 257

	GROUP			
	Revenue received in advance US$	**Allowance for impairment US$**	**Other US$**	**Total US$**
Deferred income tax assets				
At 1 October 2012	(5 293)	-	-	(5 293)
Charge to the income statement	1 573	-	-	1 573
At 30 September 2013	(3 720)	-	-	(3 720)
At 1 October 2013	(3 720)	-	-	(3 720)
Credit to the income statement	(8 724)	(50 117)	(3 550)	(62 391)
At 30 September 2014	(12 444)	(50 117)	(3 550)	(66 111)

	GROUP		COMPANY	
	Accelerated depreciation US$	**Total US$**	**Fair value gain US$**	**Total US$**
Deferred income tax liabilities				
At 1 October 2012	738 222	738 222	5 257	5 257
Credit to the income statement	(53 554)	(53 554)	-	-
At 30 September 2013	684 668	684 668	5 257	5 257
At 1 October 2013	684 668	684 668	5 257	5 257
Charge to the income statement	14 779	14 779	-	-
At 30 September 2014	699 447	699 447	5 257	5 257

Notes to the financial statements

For the year ended 30 September 2014 (continued)

	GROUP	
16. TRADE AND OTHER PAYABLES	**2014 US$**	**2013 US$**
Trade payables	908 287	133 341
Amounts due to related parties (note 27)	404 216	751 416
Social security expenses and other taxes	76 311	62 238
Accrued expenses	312 570	329 046
	1 701 384	1 276 041

Trade and other payables are due within twelve months of the reporting date.

17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Bonus US$	**Total US$**
At 1 October 2012	228 523	228 523
Used in current year	55 982	55 982
Credit to the income statement	(196 557)	(196 557)
At 1 October 2013	87 948	87 948
Used in current year	(87 948)	(87 948)
Charged to the income statement	275 498	275 498
At 30 September 2014	275 498	275 498

The Group provides for bonuses during the course of the year.

18. BORROWINGS	**2014 US$**	**2013 US$**
Bank overdraft	-	1 742 000

The Group has an overdraft facility limit of US$ 5 500 000 and a letter of credit facility limit of US$ 500 000. The facilities bear interest ranging between 10% and 11.5% per annum and are not secured.

The Group has the following undrawn facilities:		
Bank overdraft	5 500 000	3 758 000
Letters of credit	500 000	500 000
	6 000 000	4 258 000

All borrowings are denominated in US$.

The fair value of the borrowings equal their carrying amounts as the impact of discounting is insignificant.

19. REVENUE		
Sale of goods- retail	18 766 956	15 483 614
Sale of goods- wholesale	4 840 424	8 374 599
	23 607 380	23 858 213

20. OTHER INCOME		
Rental income	19 357	20 087
Scrap sales	20 657	51 014
Profit on sale of investment in Medical Investments (Private) Limited	61 200	-
Profit on sale of motor vehicles	21 188	-
Other	17 922	1 565
	140 324	72 666

Notes to the financial statements

For the year ended 30 September 2014 (continued)

	GROUP	
	2014 US$	**2013 US$**
21. EXPENSES BY NATURE		
Raw materials and consumables used	14 661 219	16 206 025
Employee benefit expense (note 21.1)	2 342 342	2 120 271
Audit fees:		
- Current year	12 320	48 667
- Prior year	67 419	-
Directors' emoluments:		
- Fees	69 128	66 246
- Other	142 670	89 682
Postage and telephone	75 452	26 032
Canteen	69 985	78 044
Trade promotion	24 726	16 269
Advertising costs	22 387	2 006
Plant repairs and maintenance	1 050 264	1 040 568
Building repairs and maintenance	60 903	67 612
Vehicle repairs and maintenance	209 926	205 458
Electricity and water	535 014	604 227
Depreciation	254 441	223 724
Quality and ISO certifications	56 178	78 984
Security	122 789	114 607
Machine running expenses	318 644	184 047
Insurance	56 339	53 111
Secretarial and printing costs	41 796	29 837
Legal and professional fees	37 384	58 746
Cleaning and laundry	49 171	40 175
Subscriptions	27 518	40 986
Computer expenses	50 725	40 395
Commission	35 378	16 520
Bank charges	46 217	48 325
Travel	90 268	83 792
Freight outwards	76 371	56 737
Forklifts hire	43 548	44 405
Allowance for impairment of trade receivables	162 917	6 227
Bad debts recovered	(13 979)	-
Clinic	16 314	20 441
Protective clothing	16 182	22 376
Printing and stationery	53 009	22 792
Other expenses	142 672	105 205
TOTAL COST OF SALES, DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES	21 027 637	21 862 537
The cost of sales, distributions costs and administrative expenses have been recognised as follows:		
Cost of sales	17 333 145	18 818 048
Distribution costs	133 614	152 925
Administrative expenses	3 560 878	2 891 564
	21 027 637	21 862 537
21.1 Employee benefit expense		
Salaries - executive management	385 960	280 623
Salaries and wages-non executive employees	1 787 072	1 704 903
Social security costs	35 903	19 381
Pension costs	138 031	134 515
Share options credit	(4 624)	(19 151)
	2 342 342	2 120 271

Notes to the financial statements

For the year ended 30 September 2014 (continued)

	GROUP 2014 US$	GROUP 2013 US$
22. FINANCE INCOME		
Interest income	17 531	495
23. FINANCE COSTS		
Interest paid	52 207	157 950
24. INCOME TAX EXPENSE		
Current income tax	702 327	546 359
Deferred income tax credit	(47 612)	(51 981)
Capital gains tax on investment income	3 060	-
	657 775	494 378
The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the basic tax rate of 25.75% (2013: 25.75%) as follows:		
Profit before income tax	2 685 390	1 910 887
Notional taxation on profit for the year at a statutory rate of 25.75%	691 488	492 053
Tax effects of:		
Income not subject to tax	(13 416)	(291)
Non-deductible expenses	2 176	4 188
Prescribed limit on passenger motor vehicles	(8 347)	-
Income subject to tax at different rates	(12 699)	-
Other	(1 427)	(1 572)
	657 775	494 378
25. EARNINGS PER SHARE		
25.1 Basic earnings per share		
Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during 2014.		
Profit attributable to shareholders (US$)	2 027 616	1 416 509
Weighted average number of ordinary shares in issue	32 667 333	32 609 000
Basic earnings per share (cents)	6.21	4.34
25.2 Diluted earnings per share		
Diluted earnings per share is calculated by adjusting the weighted average number outstanding to assume conversion of all dilutive potential ordinary shares. The Group has share options as a category of dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.		
Profit attributable to shareholders (US$)	2 027 616	1 416 509
Weighted average number of shares in issue	32 667 333	32 609 000
Share options outstanding at year end	251 667	310 000
	32 919 000	32 919 000
Diluted earnings per share (cents)	6.16	4.30

Notes to the financial statements

For the year ended 30 September 2014 (continued)

26. PENSION BENEFITS

CAFCA Pension Fund

The Group provides for pensions on retirement of all employees by means of a defined contribution pension fund. The Pension Fund scheme is administered by Marsh Employee Benefits Zimbabwe (Private) Limited. Contributions are made by both the Group and the employees at a rate of 11.5% and 7% respectively. All employees including working directors on the full-time permanent staff of the employer are eligible to be permanent members of the fund.

National Social Security Authority Scheme

The Group and its employees contribute to the National Social Security ("NSSA") Scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions as legislated from time to time.

	GROUP	
	2014 US$	**2013 US$**
Contributions recognised as an expense for the year are:		
Social security costs	35 903	19 381
Pension costs	138 031	134 515
	173 934	153 896

27. RELATED PARTY TRANSACTIONS

The Group is controlled by CBI - Electric African Cables - a division of ATC (Proprietary) Limited, which owns 71% of the ordinary shares of the Group. The remaining 29% of the shares are widely held. The Group's ultimate parent is ATC (Proprietary) Limited.

The following transactions were carried out with related parties:

	2014 US$	2013 US$
i) Sale of goods:		
CBI - Electric African Cables - a division of ATC (Proprietary) Limited	1 912 452	1 586 610

Goods are sold based on the price lists in force and terms that would be available to third parties.

	2014 US$	2013 US$
ii) Purchases of goods:		
CBI - Electric African Cables - a division of ATC (Proprietary) Limited	3 943 346	7 490 345
CBI - ATC (Proprietary) Limited	100 066	481 276
	4 043 412	7 971 621

Purchases from related parties are based on the price list in force and terms that are available to third parties.

	2014 US$	2013 US$
iii) Year-end balances arising from purchase of goods/services:		
Amounts due to related parties:		
CBI - Electric African Cables - a division of ATC (Proprietary) Limited	404 216	270 140
CBI - ATC (Proprietary) Limited	-	481 276
	404 216	751 416

The amounts due to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

	2014 US$	2013 US$
iv) Year-end balances arising from sale of goods/services:		
Amounts due from related parties:		
CBI - Electric African Cables - a division of ATC (Proprietary) Limited	774 673	-

The amounts due from related parties arise mainly from sales transactions and are due two months after the date of sale. The receivables bear no interest.

v) Remuneration to key management:

Key management includes directors (executive and non-executive) and executive managers (members of the executive committee).

	2014 US$	2013 US$
Salaries and other short - term benefits	597 758	436 551
Share options credit	(4 624)	(19 151)
Directors' emoluments		
- Fees	69 128	66 246
- Other	142 670	89 682
	804 932	573 328

Outstanding share options granted to key management were 251 667 (2013: 355 000).

There were no loans made to directors or key management of the Group during the year (2013:nil).

28. CAPITAL COMMITMENTS

The Group had no significant capital commitments authorised by the directors or contracted for at the reporting date (2013:nil).

29. CONTINGENCIES

The Group did not have any contingent assets or liabilities at the reporting date (2013:nil).

30. SUBSEQUENT EVENTS AFTER REPORTING DATE

There were no subsequent events that would have any effect on these financial statements.

Shareholder and other supplementary information

Ratios and statistics

	2014	2013	2012	2011
Number of shares (000)	32 667	32 609	32 609	32 609
Attributable earings per share	6	4	5	4
Diluted earnings per share	6	4	5	4
Price: earnings ratio	5	8	10	18
Market price per share (cents)	30	35	53	73
Ratio and returns (%)				
Profitability				
Operating margin	9	8	10	11
Return on equity	17	15	21	20
Solvency				
Financial gearing ratio	-	0.16	0.08	0.07
Interest cover (times)	52.00	13.09	26	12
Total interest-bearing debt to shareholders' funds	-	0.17	0.13	0.1
Shareholders' funds to turnover (%)	0.52	0.43	0.51	0.7
Liquidity				
Current assets to interest-free liabilities and short term borrowings	6	4	4	2
Other				
Number of employees	169	159	147	147
Number of shareholders	619	616	741	622

Group performance review

	30 September 2014	30 September 2013	30 September 2012	30 September 2011
Metal sales (tonnes)	2 210	2 110	1 953	1 525
Turnover	23 607 380	23 858 213	23 119 929	18 566 051
Domestic	20 034 889	21 267 729	20 369 835	16 799 866
Export	3 572 491	2 590 484	2 750 094	1 766 185
Profit before income tax	2 685 391	1 910 887	2 292 278	1 833 362
Profit attributable to shareholders	2 027 616	1 416 509	1 672 039	1 290 493
Capital expenditure	300 963	250 210	116 352	157 965
Shareholders' equity	12 269 611	10 239 619	8 842 261	7 156 200

Analysis of shareholding

Top 20 shareholders

as at 30 September 2014

Shareholder		Number of shares	% of total
1	CBI-ELECTRIC AFRICAN CABLES	23 076 174	70.64
2	MESSINA INVESTMENTS (PRIVATE) LIMITED	3 569 204	10.93
3	NATIONAL SOCIAL SECURITY (WCIF)	712 224	2.18
4	DELTA ENFIELD CABLES	448 800	1.37
5	NATIONAL PENSION SCHEME	413 461	1.27
6	JOHN MUKARO	412 916	1.26
7	RADIA PRAKASH	389 479	1.19
8	FARM AND TRADE	250 744	0.77
9	STANBIC NOMINEES (PRIVATE) LIMITED	196 400	0.60
10	DELWARE TRADING (PRIVATE) LIMITED	180 033	0.55
11	AVENELL INVESTMENTS (PRIVATE) LIMITED	141 207	0.43
12	STEPHENSON P.H	130 000	0.40
13	ARMADA (PRIVATE) LIMITED	128 261	0.39
14	GEZMARK INVESTMENTS (PRIVATE) LIMITED	120 549	0.37
15	WILSON ESQ, KENT RAYMOND	120 000	0.37
16	ZWM NOMINEES (PRIVATE) LIMITED	96 349	0.29
17	TFS NOMINEES (PRIVATE) LIMITED	93 990	0.29
18	FERBOS NOMINEES (PRIVATE) LIMITED	92 367	0.28
19	DATVEST NOMINEES (PRIVATE) LIMITED	87_019	0.27
20	CAROLINE KANGARA	63 998	0.20
		30 723 175	94.05
	OTHER	1 944 158	5.95
	TOTAL	32 667 333	100.00

Analysis of shareholding			**Number of shareholders**	**%**	**Number of shares**	**%**
1	-	500	196	31.66	40 377	0.12
501	-	1000	118	19.06	81 338	0.25
1001	-	5000	194	31.34	436 886	1.34
5001	-	10000	40	6.46	270 818	0.83
10001	-	50000	48	7.75	998 017	3.06
50001	-	100000	8	1.29	599 324	1.83
100001-	and above		15	2.44	30 240 573	92.57
Total			**619**	**100**	**32 667 333**	**100**

Shareholder and other supplementary information

Shareholders' calendar 2014-2015

2014 Annual report distributed	Jan 2015	2015 results announced	Nov 2016
69th Annual General Meeting	Feb 2015	2015 annual report	Jan 2016
2015 half-year results announced	May 2015	70th Annual General Meeting	Feb 2016

Notice to shareholders

Notice is hereby given that the 69th annual general meeting of the members of CAFCA Limited will be held in the boardroom at the company's registered office at 54 Lytton Road, Workington, Harare, at 12.00 noon on Thursday 19 February 2015 for the following purposes:

1. To receive and consider the director's report, audited financial statements and the report of the auditors for the year ended 30 September 2014.
2. To appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year.
3. To approve the audit fees for the year.
4. To re-elect as directors Mr A. Mabena and Mr S.E Mangwengwende.
5. To increase the number of directors by 2 in terms of section 96 of the Articles of Association.
6. To appoint Mr G.H.J Steyn, Mr G. Eddey and Mr P. de Villiers as directors.

By Special Resolution
Amend the rules of the 2010 share option scheme as follows:
1. Limit the number of shares issued in any one year to 10% of the approved total number of shares.
2. For the scheme to be limited to a period of 10 years up to 2020 subject to review thereafter.

By order of the Board

C.Kangara
Company Secretary
26 January 2015

Notes
1. A member entitled to vote at the above meeting may appoint one or more proxies as alternate or alternatives to attend the meeting, to vote and speak in the member's stead.

A proxy need not be a member.

2. Proxy forms must be lodged with the company secretary at least 48 hours before the commencement of the meeting.

3. For further information on voting procedures, see the notes on the proxy information sheet.

Shareholders' information

Proxy information

1. A member of CAFCA Limited who is entitled to attend and cast a vote at a general meeting of the company may:
   - Vote personally at the meeting or
   - Appoint:
     - not more than two proxies,
     - an attorney, or
     - in case of a body corporate, a corporate representative to attend the meeting.
2. A proxy need not be a member of CAFCA Limited.
3. When more than one proxy is appointed, each proxy must be appointed to represent a stated proportion of the member's voting rights. If no proportion is specified, the appointment is of no effect.
4. Unless the member specifically directs the proxy how to vote, the proxy may either vote as he/she thinks fit, or abstain from voting.
5. Where the member is a natural person, the proxy form must be signed either by the member personally or by a duly appointed attorney.
6. If an attorney signs the proxy form on behalf of a member, the relevant power of attorney or the authority under which it is signed, or a certified copy thereof must be deposited together with the proxy form at the company's registered offices.
7. Where a member is a body corporate, the proxy must be executed in accordance with the laws of the country of incorporation and in terms of the Memorandum and Articles of Association of the Company.
8. Any person who is a joint holder of shares may appoint a proxy and, if more than one of the joint holders appoints a proxy or seeks to vote personally at the meeting, then the person whose name stands first on the register shall alone be entitled to vote.
9. In the case of joint holders of shares, all holders must sign the proxy form.
10. The proxy form must be received by the company secretary NOT LATER THAN forty-eight (48) hours before the scheduled time of the annual general meeting.