CAFCA

2021 INTEGRATED ANNUAL REPORT

RE-ADDRESSING QUALITY & RELIABILITY

Our primary aim has always been to manufacture our cables to the highest standard abiding by strict international regulations.

With us, quality and reliability has to come first.

Think of it as a moral or ethical issue if you must. After all, electricity should never to be messed with, but we look at the positive side like Piyush Goyal;

"Electricity can transform people's lives, not just economically but also socially"

CONTENTS

This Integrated Annual Report covers the financial year from 1 October 2020 to 30 September 2021.
The reporting period is annual with the last report having been published in September 2020.
The financial statements are presented in Zimbabwe dollars ("ZWL").

CAFCA LIMITED
(Incorporated in Zimbabwe)

BUSINESS

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.

DIRECTORATE AND ADMINISTRATION

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

Secretary
C. Kangara

Bankers
African Banking Corporation of Zimbabwe Limited
First Capital Bank Limited
Nedbank Zimbabwe Limited
Stanbic Bank Limited
Central Africa Building Society
Steward Bank Limited
ZB Bank Limited
Ecobank Zimbabwe Limited
CBZ Bank Limited

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

Legal Advisors
Coghlan, Welsh and Guest
Legal Practitioners
Cecil House, 2 Central Avenue
P.O. Box 53, Harare

Regestered Office
54 Lytton Road
Workington, Harare

Postal Address
P. O. Box 165
Harare, Zimbabwe

COMPANY PROFILE

CAFCA Limited manufactures and supplies cableand allied products for the transmission anddistribution of electrical energy and informationprimarily in Southern and Central Africa. We manufacture over 900 cabling products including 11kV XLPE cables all to British, South African and Zimbabwean, 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 anddistribution of information and energy for the Central and Southern African markets; and
- to be recognised for excellence in providing quality products and services that give best value to allour customers and other stakeholders.

Our operating principles are:

- consistently delight customers;
- strive for continued improvement;
- achieve business excellence;
- recognise suppliers as active partnersin our business;
- do it right;
- respect and value each other’s contribution;
- work as a team;
- provide equal opportunities and encouragepersonal growth; and
- care for the environment and support the community.

PERIOD IN BRIEF

Financial Highlights

	Inflation adjusted 2021 ZWL	Historical 2021 ZWL
Revenue	3,953,721,111	3,376,708,926
Operating profit	618,909,191	1,119,588,420
Profit before income tax	158,741,600	1,035,487,438
Loss/profit for the year	(262,208,392)	762,376,298
Basic earnings per share (cents)	(785.31)	2,283.32
Diluted earnings per share (cents)	(771.45)	2,243.01

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
  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

Exporter of the year
- Runner up 2012

National Industrial Energy Efficiency Award
- Winner 2013 and 2014

Energy management system
- Accredited to ISO 50001

Best Stakeholder Practices and Sustainability Reporting
- 2018 second prize - Institute of Chartered Secretaries and Administrators

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 2021.

The financial reports have been prepared in ZWL.

Capital

AUTHORISED SHARE CAPITAL
The authorised share capital remains unchanged at 50 000 000 ordinary shares of ZWL0.00001 each and 100 000 5.5% cumulative preference shares of ZWL0.00001each.

ISSUED SHARE CAPITAL
Issued share capital comprises 33 389 000 fully paid-up ordinary shares. Unissued share capitalIn terms of the Articles of Association of the Company, the unissued share capital is under the control of directors subject to the limitations of the Zimbabwe Companies and Other Business Entities Act (Chapter24:03) and the Zimbabwe Stock Exchange Regulations.

RESULTS FOR THE YEAR
The results for the year are reported in the financial statements for the year ended 30 September 2021 which are set out on pages 16 to 52.

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 Company activities from design through to production and inspection. We hold quality systems' accreditation and product approvalsfrom 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, Mr A. Mabena, Mr S.E. Magwengwende retire by rotation.

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

None of the directors had an interest in any contract of significance with the Company during the year.

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 Company 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 8.

Auditors

PricewaterhouseCoopers Chartered Accountants (Zimbabwe) resigned as auditors after the 2021 financial year audit.

- A resolution to accept their resignation will be proposed at the Annual General Meeting.
- A resolution to appoint auditors for the ensuing year will be proposed.

"Quality is never an accident.
It is always the result of intelligent effort"
John Ruskin

DIRECTORS' REPORT - continued

Senior executives

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

Meetings of the 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
E.T.Z. Chidzonga	4	4
A. Mabena	4	4
S.E. Mangwengwende	4	4
G.J.H. Steyn	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	-	966 854
R.N. Webster	-	506 975
E.T.Z. Chidzonga	100	-
A. Mabena	100	-
S.E. Mangwengwende	100	-
T.A. Taylor	200	-
P. W. de Villiers	100	-
G.J.H. Steyn	100	-

HONOUR PINIEL MKUSHI - Chairman

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

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 mo 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 the following:
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 six other reputable companies in Zimbabwe namely, Windmill Fertilisers Limited, Marsh Insurance Brokers (Private) Limited, Nissan Clover Leaf Motors (Private) Limited, Zimbabwe Motor Investments (Private) Limited, Aptics ICT (Private) Limited, Automotive Distributor (Private) Limited.

ROBERT NEILL WEBSTER

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

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.

SIMBARASHE EMANUEL MANGWENGWENDE

Non-executive director. 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.
Appointed to the board on 1 October 2006

Simbarashe is an electrical power engineering and management specialist with extensive experience in the electricity supply industry including more than 14 years (1992 to 2006) as chief executive of the Zimbabwe Electricity Supply Authority (ZESA), the country'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.

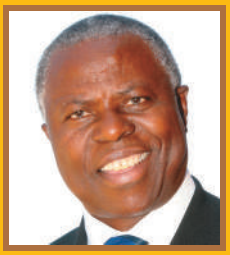
THOMAS ALEXANDER TAYLOR

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

Tom served his articles with Pricewaterhouse 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 Pricewaterhouse 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.

EDWIN TAVENGWA ZINYORO CHIDZONGA



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

Edwin joined Minerals Marketing Corporation of Zimbabwe (MMCZ) as its first Financial Controller in 1983. In 1986, he was appointed Managing Director designate in the MMCZ first European office Zurich. In 1990, Edwin 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 and Principal Officer up to January 2009. In 2010 he joined Deloitte Zimbabwe as an Associate Director in the Human Capital Division specialising in Management Culture Change programme called Value Creation and Exponential Growth Transformation Methodology.

Edwin sits on the boards of ZB Life Assurance (Pvt) Ltd; FBC Building Society, Comarton Managed Pension Funds Investment Consortium among other directorships. Currently, he is the Managing Director of Colbrad Zimbabwe (Pvt) Limited - Exponential Growth Strategists

GIDEON JOHANNES HENDRIK STEYN

Non-executive director. BCompt Hons (University of South Africa)
Appointed to the Board 19 February 2015

Johan completed his articles with KPMG and left as an audit supervisor to join ATC (Proprietary) Limited. After working in various tasks and capacities, Johan was appointed as Divisional Director Finance of the company and subsequently appointed as the Head of Internal Audit of Reunert Limited.

At the end of 2008 Johan was appointed as Financial Director of CBI-Electric: African Cables, a division of ATC (Proprietary) Limited.

ALVORD MABENA

Non-executive director. B.Sc. Mechanical Engineering.
Appointed to the board on 19 February 1998

Alvord has 20 years 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 is also a former 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 a past 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 grand daughter.

CORPORATE GOVERNANCE

Corporate governance represents the means by which direction and control are applied to the stewardship of an organisation's assets, both tangible and intangible, financial and non-financial, in the pursuit and delivery of the 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 ("CAFCA" or the "Company") 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 Company's strategicdirection, 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 CAFCA Limited.

Audit and Risk 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 andcredibility to the Company's financial reporting process.

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

The audit risk 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, and
- the Company'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 Company's objective of consistently adding value to the business. Business risks have been identified and relevant strategies are in place to address them. The managing director is required to identify and present all risks for review by the Audit and Risk committee.

Management reporting

The Company's performance is monitored during 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.

Renumeration and Nomination 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 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 authorisations, as well as monitoring financial and managerial reporting.

CHAIRMAN'S' REPORT

Overview

The improvement in economic activity coming out of the pandemic lockdown saw volumes increaseing from 1744 tonnes in the prior year to 2604 tonnes in the current year an increase of 49%. Local demand picked up by 57% whilst exports improved by 16%.

Turnover, profit after tax and earnings per share in historical terms increased by more than the exchange rate inflation.

Sustainability

Sustanability is CAFCA's ability to not only maintain but also improve the processes and outcomes over time.We are not only measuring financials outcomes but also the impact we have on the environment and other social consuderations.Our generation's achievements must not compromise the ability of future generations to theirs.

CAFCA has since 2015 included in the bisiness strategy sustanability initiatives which have been successfully implemented.We measure and manage our water power and usage,our smoke and heat emissions and ensure no contamination leaves CAFCA into the sewer reticulation system.It is now 3 years since we sent waste to the landfill.

Quality and Standards

Our Quality system is certified to ISO9001:2015 and annually audited by Standards Association of Zimbabwe.

Our Environmental sytem is certified to ISO 14000:2015 and annually audited by South African Bureau of Standards.

Our Occupational Health and Safety system is certified to ISO 45001:2018 and audited annually by the Standards Association of Zimbabwe.

Our Energy Management sysytem is certified to ISO 50001:2018 and audited annually by the South Bureau of Standards.

In addition we carry product marks for both the Standards Association of Zimbabwe and the South African Bureau of Standards. This ensures that consumers can have comfort that the products have been made to the high standards set by the Standard Associations.

Peer to peer quality and safety monitoring has now been in place for two years using a behaviour based intervention sysytem with the emphasis on targetting zero harm at work place.

In the current year we introduced a pointing and calling initiative which seeks to verbalise a mental and physical checklist to ensure there are no errors or omissions in quality or safety issues in running machines.

Dividend

Cash is being set aside to cater both for the auction system requirement and the impact that hyperinflation will have on financing future working capital.

Accordingly the declaration of a dividend has been waived until such a time as we see inflation controlled and the auction system prefinancing requirement removed.

Shareholders have seen some relief in the share price moving from 6100 cents at the beginning of the year to 17 000 cents at the end of the year.

Outlook

We are not anticipating any material changes in the current environment either locally or regionally and accordingly the Board is confident that a moderate increase in volume in forthcoming year will be achieved.

Thanks

We are indebted to all our stakeholders who all contribute to the success of CAFCA and we give them our thanks;
- Our customers
- Our Suppliers
- Our service providers
- Our shareholders
- Government
- Management and staff

Last but not least thanks to my fellow Directors for their wise counsel and support.

H P MKUSHI
BOARD CHAIRMAN

MANAGING DIRECTOR'S REPORT

Operations

Our capacity remains at 250 tons a month with next years budgeted requirement taking us to about 90% of capacity. Again no investment was made this year on new plant as all the foreign currency we could source was prioritised to procuring raw materials and spare parts. The age of our equipment requires us to have a significant investment in engineering spares and at year end we were carrying ZWL$63.8 million in engineering spares.

During the year numbers employed increased from 220 to 225 mainly in sales and dispatch to cater for the increased output at our factory outlet. We are adequately staffed to meet our current capacity of 250 tons a month but should we need to increase capacity it is a matter of employing and training more people.

Financial Results

The 49% increase in volumes was the main driver in turnover increasing in historical terms by 293% to ZWL$3.3 billion.

Profitability at 31% of turnover is ahead of our benchmark and attributable to the benefit of carrying stock in a hyperinflationary environment.

In historical terms the statement of Financial Position values the company at just over ZWL$1.0 billion of which ZWL$930 million is invested in stock.

Future

The biggest challenge the manufacturing sector has at the moment is to access sufficient foreign currency to maintain the momentum and growth that all stakeholders desire - provided timeous availability of foreign currency we are confident that volumes will grow in the coming year both in the local and export market.

R N WEBSTER
MANAGING DIRECTOR

"Quality is not an act, it is a habit"

Aristotle

DIRECTORS' DECLARATION

In the opinion of the directors of CAFCA Limited, the financial statements and notes have been prepared in accordance with the Companies and Other Business Entities Act (Chapter 24.31)

- Give a true and fair view of the financial position of the Company as at 30 September 2021 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 except for non-compliance with International Accounting Standards (''IAS'') 21.

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

These annual financial statements have been prepared under the supervision of the Finance Executive, Caroline Kangara, an Associate Member of the Institute of Chartered Secretaries and Administrators, registered with the Public Accountants and Auditors Board, Public Accountant Certificate Number 04293.

Signed in accordance with a resolution of the directors:

H. P. MKUSHI
CHAIRMAN
HARARE, ZIMBABWE
11 NOVEMBER 2021

R. N. WEBSTER
MANAGING DIRECTOR
HARARE, ZIMBABWE
11 NOVEMBER 2021

Independent auditor's report

To the Shareholders of CAFCA Limited

Our adverse opinion

In our opinion, because of the significance of the matters discussed in the Basis for adverse opinion section of our report, the financial statements do not present fairly the financial position of CAFCA Limited (the "Company") as at 30 September 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

What we have audited

CAFCA Limited's financial statements set out on pages 16 to 46 comprise:

- the statement of financial position as at 30 September 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

An adverse opinion was issued on the financial statements as at 30 September 2020, and for the year then ended, due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign denominated transactions and balances as required by International Accounting Standard 21, 'The Effects of Changes in Foreign Exchange Rates' ("IAS 21"), and its consequential effects on the hyperinflationary adjustments made in terms of International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ("IAS 29").

Our opinion on the financial statements as at 30 September 2021, and for the year then ended, is modified because of the possible effects that these matters have on the comparability of the current period's figures to that of the comparative period.

The misstatements described in the paragraph above with respect to the application of IAS 21 affect the historical amounts which are used in the calculation of the inflation adjusted amounts. Had the underlying historical financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29 as at 30 September 2021, many elements in the accompanying financial statements as at 30 September 2021, and for the year then ended would have been materially restated. It was not practicable to quantify the financial effects of this matter on the financial statements as at 30 September 2021, and for the year then ended.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are

further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

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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.

Independent auditor's report

Independence
We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview

Overall materiality	• ZWL 7 937 080 which represents 5% of inflation adjusted profit before income tax.
Key audit matters	• Expected credit losses allowance on trade receivables.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	ZWL 7 937 080.
How we determined it	5% of inflation adjusted profit before income tax.
Rationale for the materiality benchmark applied	We chose inflation adjusted profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for adverse opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Independent auditor's report

Key audit matters	How our audit addressed the key audit matters
Expected credit losses allowance on trade receivables	**Our audit addressed the key audit matter as follows:**
As at 30 September 2021, the Company recognised net trade receivables of ZWL 130 764 836 after deducting an allowance for expected credit losses ("ECL") of ZWL 11 413 174. The Company applied the simplified approach under IFRS 9 - *Financial Instruments* ("IFRS 9") in the measurement of ECL on trade receivables. Under this approach, a credit loss allowance equal to the lifetime ECL is recognised at the reporting date. In determining the ECL on trade receivables, management applied a provision matrix where trade receivables are stratified into groups with similar risk characteristics. The ECL rates assigned to each group of trade receivables for determining the loss rate for each group, are based on historical credit loss rates which are adjusted to reflect any forward-looking information that could affect the ability of the customer to settle the outstanding amount. The following judgements were applied in determining ECL: • Judgements in assessing the business model used to manage the trade receivables; • Management's assessment of the credit quality of the customers; • Assessing whether there is a significant increase in credit risk through assessing the performance of the receivables by applying the provision matrix; • Expected average Gross Domestic Product (GDP) growth rates, interest rates and exchange rates prevailing against the currencies in which the receivables are denominated were taken into account in developing the provision matrix; and • Expected inflation rates for the currencies in which the receivables are denominated in. The ECL allowance on trade receivables was considered to be a matter of most significance to our current year audit due to the following: • the significant judgements and estimates applied by management in determining the ECL; and • the effect that the ECL has on the measurement of trade receivables and on the Company's credit risk disclosures. Further detail is provided in the following notes to the financial statements: • Note 2.9, Summary of significant accounting policies - Trade and other receivables; • Note 3.1 (b), Financial risk management - Credit risk; • Note 4 (e), Critical accounting estimates and judgements - Impairment of trade receivables and financial assets; and • Note 9, Trade and other receivables.	Through discussions with management, we obtained an understanding of the Company's revenue and receivables business process in order to evaluate the appropriateness of management's assessment of the business model used to classify the Company's trade receivables into the IFRS 9 financial instruments categories. Based on our understanding obtained, we did not identify any aspects in this regard requiring further consideration. We assessed the classification of trade receivables against the requirements of IFRS 9 by testing whether the receivables are held in a business model to collect cash flows solely of payments of Principal and Interest ("SPPI") test. We inspected a sample of sales invoices to customers to evaluate whether there were any indicators that the contractual cash flows may not be SPPI based on our understanding of the relevant business processes of the Company. There were no significant exceptions noted. We considered the appropriateness of accounting policies applied by management and evaluated the impairment methodologies applied by the Company with reference to the requirements of IFRS 9. We noted no matters requiring further consideration. We obtained an understanding of the relevant controls applied in determining ECLs in relation to trade receivables and considered the following in testing the controls: • the processes over credit management and approval for trade receivables; • the monitoring process of the trade receivables, including the monthly debtors' assessment meetings; and • the approval framework for write-offs of long overdue debts which the entity considers irrecoverable. We obtained an understanding of the payment terms offered by the Company through inquiry with management and inspection of a sample of contracts with customers for contractual terms and noted that the credit terms were short term (mostly 60 days). Based on the results of our assessments, we accepted management's use of the simplified approach in the measurement of ECL over lifetime expected credit losses, as the receivables do not contain a significant financing component which is in line with the provisions of IFRS 9. We evaluated the reasonableness of the ECL allowance recognised by performing the following procedures: • We performed a report validation test to assess whether the system was correctly calculating the number of days outstanding, as this is the key driver in identifying the grouping of receivables. No significant exceptions were noted; • We assessed the reasonableness of the grouping of trade receivables based on our understanding of the Company's business in relation to trade receivables and the drivers of credit risk. Based on our work performed, we did not note any other aspects in this regard requiring further consideration; • We evaluated the reasonableness of historical balances and credit loss rates used by management in their calculation by agreeing the total historical balances to prior year working papers on a total basis for each of the trade receivable groupings. Based on our work performed, we accepted the historical balances and credit loss rates used by management; • We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts. Based on our evaluation, we accepted the adjustment applied; • We recomputed the ECL to test the mathematical accuracy of management's expected credit loss calculation. No material exceptions were noted; and • We tested for subsequent receipts of receivable amounts post year end, and noted that 42% of the debtors had paid in full and the remaining 58% of the debtors are within 60 days.The analysis is consistent with the contractual terms of the Company's debtors with credit facilities which extends up to 60 days. Amount was concluded reasonable based on our procedures performed.

Independent auditor's report

Other information
The directors are responsible for the other information. The other information comprises the information included in the document titled "CAFCA Limited Financial Statements for the year ended 30 September 2021". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for adverse opinion section above, the financial statements contain material misstatements with respect to the application of IAS 21 in prior years and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters

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

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

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

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

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

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

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

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

PricewaterhouseCoopers

Tinashe I Rwodzi
Registered Public Auditor

Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 100
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253568

19 November 2021
Harare, Zimbabwe

Statement of financial position

As at 30 September 2021

	Notes	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	**6**	138 277 570	157 161 478	3 183 826	3 763 552
Deferred tax asset	**12**	-	-	43 203 784	4 307 067
Total non current assets		138 277 570	157 161 478	46 387 610	8 070 619
Current assets					
Inventories	**7**	1 509 362 481	1 790 399 563	929 934 973	354 113 375
Trade and other receivables	**9**	380 238 427	175 925 446	378 780 378	114 954 976
Cash and cash equivalents	**10**	237 542 707	260 729 668	237 542 707	172 043 312
		2 127 143 615	2 227 054 677	1 546 258 056	641 111 663
Total assets		2 265 421 185	2 384 216 155	1 592 645 667	649 182 282
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the parent					
Share capital	**11.2**	17 266	17 263	334	333
Share premium	**11.2**	33 602 585	19 931 499	7 848 820	1 291 654
Share option reserve	**11.3**	60 948 000	43 714 706	60 948 000	21 002 626
Retained earnings		1 625 296 903	1 887 505 295	1 135 018 346	372 641 718
Total equity		1 719 864 753	1 951 168 764	1 203 815 500	394 936 331
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	**12**	156 726 264	47 784 131	-	-
Current liabilities					
Trade and other payables	**13**	123 733 340	97 312 155	123 733 340	64 211 739
Provisions for other liabilties and charges	**14**	69 514 859	70 968 017	69 514 859	46 828 475
Current income tax liability	**8**	65 573 942	81 225 826	65 573 942	53 625 873
Borrowings	**16**	130 008 026	135 757 261	130 008 026	89 579 862
		388 830 167	385 263 260	388 830 167	254 245 950
Total liabilities		545 556 431	433 047 390	388 830 167	254 245 950
Total equity and liabilities		2 265 421 185	2 384 216 155	1 592 645 667	649 182 282

The above statement of financial position should be read in conjunction with accompanying notes.

These financial statements were approved for issue by the board of directors on 11 November 2021 and signed on its behalf by:

P Mkushi
Chairman

R.N Webster
Managing Director

Statement of comprehensive income

For the year ended 30 September 2021

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Revenue	15	3 953 721 111	2 469 319 281	3 376 708 926	860 858 433
Cost of sales	17	(2 794 290 883)	(1 054 708 088)	(1 815 024 771)	(352 400 783)
Gross profit		1 159 430 227	1 414 611 194	1 561 684 155	508 457 650
Distribution costs	17	(11 891 698)	(10 352 023)	(10 073 671)	(3 028 437)
Administrative expenses	17	(583 496 597)	(527 959 034)	(478 865 686)	(196 351 555)
Other income	18	60 675 969	255 752 067	52 849 533	115 214 851
Allowance for impairment	17	(8 170 170)	(1 209 963)	(8 170 170)	(2 958 154)
Other gains/(losses)	19	2 361 460	1 677 196	2 164 258	226 004
Operating profit		618 909 191	1 132 519 437	1 119 588 420	421 560 358
Finance cost	20	(104 269 709)	(32 235 147)	(84 129 253)	(12 859 646)
Finance income	20	29 153	20 542	28 272	6 518
Monetary loss		(355 927 035)	(393 069 040)	-	-
Profit before income tax		158 741 600	707 235 792	1 035 487 438	408 707 230
Income tax (expense)/credit	21	(420 949 994)	69 720	(273 111 141)	(90 899 892)
Profit for the year		(262 208 392)	707 305 512	762 376 298	317 807 338
Other comprehensive income					
Items that will not be reclassified to profit or loss		-	-	-	-
Items that may be reclassified to profit or loss		-	-	-	-
Other comprehensive income for the year, net of income tax		-	-	-	-
Total comprehensive income for the year		(262 208 392)	707 305 512	762 376 298	317 807 338
Attributable to:					
- Owners of CAFCA Limited		(262 208 392)	707 305 512	762 376 298	317 807 338
- Non-controlling interests		-	-	-	-
		(262 208 392)	707 305 512	762 376 298	317 807 338
		Cents	Cents	Cents	Cents
Basic earnings per share	22.1	(785.31)	2 125.22	2 283.32	954.91
Diluted earnings per share	22.2	(771.45)	2 080.98	2 243.01	935.03

The above statement of comprehensive income should be read in conjunction with accompanying notes.

Statement of changes in equity

For the year ended 30 September 2021

	Notes	Share capital ZWL	Share premium ZWL	Share option reserve ZWL	Retained earnings ZWL	Total ZWL
INFLATION ADJUSTED						
Year ended 30 September 2020						
Balance as at 1 October 2019		17 263	16 301 216	12 495 074	1 180 199 783	1 209 013 336
Total comprehensive income for the year		-	-	-	707 305 512	707 305 512
Profit for the year		-	-	-	707 305 512	707 305 512
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners:						
Issue of shares		-	209 566	-	-	209 566
Share options	11	-	3 420 717	31 219 632	-	34 640 349
Balance as at 30 September 2020		17 263	19 931 499	43 714 706	1 887 505 295	1 951 168 764
Year ended 30 September 2021						
Balance as at 1 October 2020		17 263	19 931 499	43 714 706	1 887 505 295	1 951 168 764
Total comprehensive income for the year		-	-	-	(262 208 392)	(262 208 392)
Loss for the year		-	-	-	(262 208 392)	(262 208 392)
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners:						
Issue of shares	11	-	37 830	-	-	37 830
Share options	11	-	-	30 866 551	-	30 866 551
Excerised shares		2	13 633 256	(13 633 258)	-	-
Balance as at 30 September 2021		17 266	33 602 585	60 948 000	1 625 296 903	1 719 864 754
HISTORICAL						
Balance as at 1 October 2019		331	332 323	402 251	54 863 464	55 598 369
Total comprehensive income for the year		-	-	-	317 807 339	317 807 339
Profit for the year		-	-	-	317 807 339	317 807 339
Transactions with owners:						-
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners:						
Issue of shares	11	-	34 375	-	-	34 375
Share options	11	2	924 623	20 600 375	-	21 525 000
Dividend declared and paid		-	-	-	-	-
Balance as at 30 September 2020		333	1 291 321	21 002 626	372 670 803	394 965 083
Balance as at 1 October 2020		333	1 291 321	21 002 626	372 642 053	394 965 083
Total comprehensive income for the year		-	-	-	762 347 545	762 347 545
Profit for the year		-	-	-	762 347 545	762 347 545
Other comprehensive income for the year		-	-	-	-	-
Transaction with owners:						
Issue of shares	11	-	26 875	-	-	26 875
Share options		1	6 530 624	(6 530 625)	-	-
Share exercised	11	-	-	46 476 000	-	46 476 000
Balance as at 30 September 2021		334	7 848 820	60 948 001	1 135 018 206	1 203 815 502

The above statement of changes in equity should be read in conjunction with accompanying notes.

Statement of cash flows

For the year ended 30 September 2021

	Notes	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		158 741 600	707 235 792	1 035 487 437	408 707 231
Adjustments for:					
Depreciation	6	18 883 910	20 268 044	580 323	561 805
Net loss on net monetary assets		355 927 035	393 069 040	-	-
(Profit)/loss from disposal of property, plant and equipment	20	(2 361 460)	(1 677 196)	(2 164 258)	(226 004)
Non-cash employee benefit expense - share based payment	18.1	56 383 258	61 532 629	46 475 999	21 525 000
Finance cost	21	104 269 709	32 235 147	84 129 253	12 859 646
Finance income	21	(29 153)	(20 542)	(28 272)	(6 518)
Provision for slow moving and obsolete inventories	7	(7 123 972)	567 740	2 330 822	135 328
Allowance for impairment of trade and other receivables	9	6 425 312	1 209 963	8 121 917	3 092 411
Working capital changes:					
Decrease/(increase) in inventories		288 161 053	(697 429 767)	(578 152 420)	(313 168 069)
Increase in trade and other receivables		(204 312 981)	(35 248 174)	(271 947 319)	(106 331 429)
Increase in trade and other payables		26 421 186	5 940 448	59 521 600	56 272 130
Increase in provision for other liabilities and charges		(1 453 158)	38 496 793	22 686 384	44 006 936
Net cash generated from operations		799 932 338	526 179 918	407 041 466	127 428 466
Finance cost	21	(104 269 709)	(32 235 147)	(84 129 253)	(12 859 646)
Finance income	21	29 153	20 542	28 272	6 518
Income taxes paid	8	(338 972 511)	(93 795 122)	(300 059 790)	(43 843 610)
Net cash generated from operating activities		356 719 272	400 170 191	22 880 695	70 731 728
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	6	-	(312 448)	-	(206 170)
Proceeds from sale of property, plant and equipment		2 421 944	1 677 196	2 164 258	226 004
Net cash generated from investing activities		2 421 944	1 364 746	2 164 258	19 834
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		(5 749 235)	182 048 199	40 428 164	86 728 973
Proceeds from issuance of shares - share options	11.2	37 830	209 566	26 875	34 375
Net cash generated (utilised in)/generated from financing activities		(5 711 406)	182 257 765	40 455 039	86 763 348
Increase/(decrease) in cash and cash equivalents		353 429 811	583 792 702	65 499 993	157 514 910
Cash and cash equivalents at the beginning of the year		260 729 667	167 197 778	172 043 313	14 528 403
Effects of IAS29 on cash and cash equivalents		(376 616 172)	(490 260 814)	-	-
Cash and cash equivalents at the end of the year	10	237 543 306	260 729 667	237 543 306	172 043 313

The above statement of cash flows should be read in conjunction with accompanying notes.

Notes to the financial statements

For the year ended 30 September 2021

1 GENERAL INFORMATION

CAFCA Limited (the "Company") is a public limited liability company incorporated and domiciled in Zimbabwe. The Company has a primary listing on the Zimbabwe Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. These financial statements were approved for issue by the Board of Directors on 11 November 2021.

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 Þnancial statements of CAFCA Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) except for the non compliance with International Accounting Standard ("IAS") 21, The effect of changes in foreign exchange rates explained in note 2.1.1.

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 Company'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.

Appropriate adjustments and reclassifications, including restatements for changes and general purchase power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29, " Financial reporting in hyperinflationary economies" have been made in these financial statements to the historical cost financial information (refer to note 4).

Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Company. The historical costs financial statements have been provided by way of supplementary information.

2.1.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Zimbabwe dollar ("ZWL"), which is the Company's functional and presentation currency.

In February 2009, the Government of Zimbabwe introduced the multi-currency system which had the United States of America ("US$")as its base currency. As a result of foreign currency shortages on the market, there was an increase in the use of electronic settlement platforms namely, Real Time Gross Settlement ("RTGS") platforms. A monetary policy measure was introduced in October 2018 directing the separation of foreign currency accounts ("FCAs") into two categories, namely RTGS FCA and Nostro FCA at a parity rate of 1:1.

In February 2019, the Government, through another policy measure, issued a Statutory Instrument ("SI") 33 of 2019) which introduced the electronic RTGS dollar with physical denomination in the bond notes and coins at a base rate of US$1:ZWL2.5. The introduction of the currency and its addition to the multi-currency basket brought about the interbank market which was to function on a willing buyer, willing seller basis. The enacting instrument gave a legal requirement for the accounting treatment of local assets and liabilities denominated in US$ to be transferred to the ZWL at parity. The above events triggered the need for Directors to assess:

- whether there was a change in the Company's functional currency as at 1 October 2018 and
- the appropriateness of rates of exchange used from that date onwards in accordance with IAS 21 "The effects of changes in foreign exchange rates".

IAS 21 requires that transactions and balances denominated in foreign currency should be presented at market exchange rates. A market rate is one which is legal, observable and accessible.

The fiscal and monetary policy pronouncements made in October 2018, led to a reassessment of the functional currency and a justification to conclude that, under IAS 21, (The effects of foreign exchange rates), that there was a change in functional currency. However, this could not be effected because, at law, there was no local currency in Zimbabwe until 22 February 2019.

Consequently, the Company has not fully complied with the requirements of IAS 21. However, for expediency, the Company chose to comply with the law as the Government issued SI 41 of 2019 [Public Accountants and Auditors (Prescription of International Standards) Regulations] which directs entities to give precedence to the law over reporting standards in circumstances where there are inconsistencies between the two.

While the Company prepares its financial statements to comply with International Financial Reporting Standards, full compliance with certain International Financial Reporting Standards was not possible due to the above factors. For the avoidance of doubt, the Company did not fully comply with IAS 21 to the extent that is described above and, instead, complied with the requirements of the law. In the light of this failure to fully comply with the requirements of IAS 21, the Company's Independent Auditors, Messrs PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have issued an adverse opinion on the financial statements for the year ended 30 September 2021.

2.2 Segment reporting

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which discrete financial information is available.

The Company operates within the cable manufacturing industry. The activities of the Company are entirely related to the manufacturing and selling of cable and allied products for the transmission and distribution of electrical energy and information, primarily in Zimbabwe.

Notes to the financial statements

For the year ended 30 September 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations effective for the first time for 30 September 2020 year ends that are relevant to the Company

Standards/interpretation	Effective date	Executive summary
Amendments to IFRS 2, ‘Share based payments’ Clarifying how to account for certain types of share-based payment transactions	1 January 2018	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
IFRS 9, ‘Financial instruments’ (2009 and 2010) • Financial liabilities • Derecognition of financial instruments • Financial assets • General hedge accounting	1 January 2018	This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard will be applied retrospectively except for the credit losses model. The current classification of financial assets as described in note 2.6 will be affected. The Company will classify its loans and receivables at amortised cost. The Company will apply the expected loss model when assessing for impairment of financial assets. The model includes some operational simplifications for trade receivables, contract assets and lease receivables, because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month expected credit losses ("ECL") and to assess when a significant increase in credit risk has occurred. For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. As a practical expedient, a provision matrix may be used to estimate ECL for these financial instruments. The Company will apply the practical expedients on its impairment model and this is not expected to significantly increase the impairment of financial assets.
IFRS 15, 'Revenue from contracts with customers'	1 January 2018	The Financial Authority Standards Board ("FASB”) and the International Authority Standard Board "IASB” issued their long-awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of a good or service transfers to a customer. The standard is not expected to change the timing of revenue recognition as the Company's revenue streams are not complex, prices do not include a financing component, there is only one performance obligation per contract, there are no elements of variable consideration, no agent/principal relationships exists in its contracts and revenue is recognised at a point in time.
Amendment to IFRS 15, 'Revenue from contracts with customers'	1 January 2018	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
IFRIC 22, ‘Foreign currency transactions and advance consideration’	1 January 2018	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/ receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

Notes to the financial statements

For the year ended 30 September 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations issued but not effective for 30 September 2020 year ends that are relevant to the Company

Standards/interpretation	Effective date	Executive summary
IFRS 16, 'Leases'	1 January 2019 - earlier application permitted if IFRS15 is also applied	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
IFRS 16, 'Leases'	1 January 2019 - earlier application permitted if IFRS 15 is also applied	IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – Incentives' and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'. The new standard provides a comprehensive model to identify lease arrangements and the treatment thereof in the financial statements of both lessees and lessors. The Company has non-material operating leases which will have to be brought onto the statement of financial position in terms of the new standard and additional disclosure will be required.
IFRIC 23, 'Uncertainty over income tax treatments'	1 January 2019	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. The interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the interpretation and consider the impact on income tax accounting.
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material	1 January 2020	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: - use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; - clarify the explanation of the definition of material; and - incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".
Annual improvements cycle 2015 - 2017	1 January 2019	These amendments include minor changes to four standards. Only one of the four annual improvements is relevant to the Company's financial statements as detailed below: • IAS 23,' Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. • IAS 12, Income taxes" - The amendment clarifies that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

There are no other new standards, amendments or interpretations that are yet effective that would be expected to have a material impact on the Company.

Notes to the financial statements
For the year ended 30 September 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Segment reporting (continued)
The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, has been identified as the executive management team.

2.3 Foreign currency translation

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehesive and a net basis ,within 'other (losses)/gains – net'.

2.4 Property, plant and equipment
Property, plant and equipment is initially 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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to statement of comprehensive income during the reporting 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 to 15 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 proceeds with the carrying amount. These are included in the statement of comprehensive income.

2.5 Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested 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 separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("Cash-generating units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

2.6.1 Accounting policies applied from 1 October 2018 Classification
From 1 October 2018 , the Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

These assets are subsequently measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income. The Company classifies the following financial assets at fair value through profit or loss ("FVPL").
- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the Company has not elected to recognise fair value gains and losses through OCI.

Notes to the financial statements
For the year ended 30 September 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

2.6.1 Accounting policies applied from 1 October 2018
Classification (continued)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. These assets are subsequently measured at fair value. Net gains and losses including any interest on dividend income are recognised in profit and loss.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment
From 1 October 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 3.1(b) for further details.

2.62 Accounting policies applied until 30 September 2018
The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information.

Classification
The Company classified its financial assets in the loans and receivables category. The classification depended on the purposes for which the financial assets were acquired. Management determined 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 those with maturities greater than twelve months after the end of the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition of the financial asset.

Loans and receivables were subsequently carried at amortised cost using the effective interest method.

Interest on loans and receivables calculated using the effective interest method was recognised in the statement of comprehensive income.

Impairment
The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset or a group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

For loans and receivables, the amount of the loss was 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 was reduced and the amount of the loss was recognised in profit or loss. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Company could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could 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 was recognised in the statement of comprehensive and other income.

2.7 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

Notes to the financial statements
For the year ended 30 September 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Offsetting financial instruments (continued)

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.

2.8 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Cost excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling expenses.

Obsolete, redundant and slow moving stocks are identified and written down to net realisable value.

2.9 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of the amount is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables generally arise from transactions outside the usual operating activities of the Company. Collateral is not normally obtained.

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a certain period before 30 September 2019 or 1 October 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Accounting policy applied for impairment of trade and other receivables until 30 September 2018

In the prior year, the impairment of trade and other receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to detrmine whether there was objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate allowance for impairment account. The Company considered that there was evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankrupcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment allowance was recognised are written off against the allowance when there was no expectation of recovering additional cash. Impairment losses were recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

2.10 Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.11 Share capital

Ordinary shares are classified as equity.

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

2.12 Current income and deferred tax

The income tax expense or credit for the period is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 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 tax asset is realised or liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to the financial statements
For the year ended 30 September 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Current income and deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle the balance on a net basis, or to realise the asset and settle the liability simultaneously.

Current income and deferred tax is recognised in the statement of comprehensive income, 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.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within two months of recognition. Trade and other payables are classiÞed as current liabilities unless payment is not due within twelve months after the reporting date.

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

2.14 Provisions

Provisions are recognised when the Company 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 can be 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Revenue recognition

The Company manufactures and supplies cable and allied products. Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer. This is the point at which the performance obligation is satisfied and a receivable is recognised as the considerations is unconditional and only the passage of time is required before payment is due.

To determine whether to recognise revenue, the Company follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (Note 13). Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

(a) Sales of goods – wholesale
Revenue from the sale of goods is recognised when the products have been delivered to the customer. Delivery does not occur until the products have been delivered to the specified location, the risk of obsolescence has been transferred to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

(b) Sales of goods - retail
Revenue from the sales of goods is recognised when the Company sells a product to the customer.

(c) Consignment inventory
Revenue is recognised when goods have been consumed.

2.16 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company 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 is recognised using the original effective interest rate.

2.17 Employee benefits

(a) Pension obligations

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays contributions to a privately administered pension plan on a contractual basis. The Company has no further legal or constructive obligation to pay contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The pension plan is funded by payments from employees and by the Company and by taking account of the recommendations of independent actuaries. The contributions are recognised as employee benefit expenses when they are due.

Notes to the financial statements
For the year ended 30 September 2021 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

(b) Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the reporting date are discounted to present value.

(c) Short term obligations
Liabilities for wages and salaries, including non-monetary benefits and that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

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

(e) Share-based payments
Share based compensation benefits are provided to employees through an equity settled share-based compensation plan. The fair value of options granted under the share-based compensation plan is recognised as employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:
- including any market performance conditions (e.g. the Company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. 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 (e.g. the requirement for employees to save or holdings shares for a specific period of time).

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

When the options are exercised, the Company transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

2.18 Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.19 Earnings per share

(a) Basic earnings per share
Basic earnings per share are calculated by dividing:
- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(c) Headline earnings per share
Headline earnings per share are calculated by dividing:
- the headline earnings of the Company, which is the profit attributable to owners of the Company, adjusted for goodwill impairments, capital profits and losses and other non-headline items,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Notes to the financial statements

For the year ended 30 September 2021 (continued)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's future financial performance. The primary objective of the financial risk management function is to establish risk limits and to ensure that risk stays within limits.

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company's market risks arise from open positions in foreign currencies and interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

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

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 Company's primary method of managing foreign exchange risk is to prepay for raw foreign suppliers.

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 Company is not exposed to equity securities or commodity price risk because it had no assets nor obligations that expose the Company to these risks at the reporting date (2019: $nil).

iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no interest-bearing assets, the Company's income is substantially independent of changes in market interest rates (2020: $nil).

The Company has borrowings amounting to ZWL130 million in 2021 and is exposed to cash flow interest rate risk.

(b) 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 potentially arises from cash and cash equivalents, deposits with banks and financial institutions, loans and receivables, investments, as well as credit exposures to wholesale and retail customers including outstanding trade receivables. The Company 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 executive management 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 Company has well established credit control procedures that monitor activity on a customer account and allow for remedial action should the customer not comply with payment terms. Payment terms and credit limits vary between customers.

Credit limits 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.

Notes to the financial statements
For the year ended 30 September 2021 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)
The Company's maximum exposure to credit risk by class of financial asset for on statement of financial position is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Trade and other receivables (excluding prepayments and statutory receivables)	142 178 010	115 478 907	142 178 010	76 199 129
Cash at bank	222 966 071	36 057 182	222 966 071	23 792 448
	365 144 081	151 536 089	365 144 081	99 991 577
The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:				
Trade receivables (excluding amounts due from related parties)				
Counterparties without external credit rating:				
Group 1 - Existing customers with no defaults in the past.	142 178 010	115 478 907	142 178 010	76 199 129
Group 2 - Existing customers with some defaults in the past. All defaults were fully recovered.	-	-	-	-
Group 3 - Existing customers with defaults not recovered.	-	-	-	-
	142 178 010	115 478 907	142 178 010	76 199 129
Other receivables (excluding prepayments and statutory liabilities)				
Other receivables from once off transactions with third parties	-	-	-	-
	-	-	-	-

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The impairment of trade receivables is carried out at each reporting date using the expected credit loss model. This model utilises a provision matrix in which the Company's receivables are stratified into groups with similar risk characteristics. Historica credit loss rates are calculated on a weighted average basis. These credit loss rates are then used as the baseline rates for determining the loss rate for each customer group. The credit loss rates are then adjusted for forward looking information and applied against each bucket of trade receivables outstanding at the reporting date to produce the expected credit loss in the period.

Trade receivables mainly comprise of foreign (Malawi, Mozambique and Zambia). Expected average GDP growth rate, interest rates and exchange rates specific to the above mentioned countries were taken into account in developing the provision matrix. Apart from other factors specific to the individual debtors, the expected inflation rate of United States of America was taken into account since the outstanding debts are mainly US$ denominated.

Credit limits are established based on internal rating criteria. Management assesses the credit quality of the customer taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Outstanding customer receivables are regularly monitored. The Company however reduced its credit sales during the year because it perceived a value mis-match between credit offered and value received at the end of the credit term.

Notes to the financial statements
For the year ended 30 September 2021 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are granted short term credit terms.

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

30 September 2021	Current	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 120 days past due ZWL	Total ZWL
Expected credit loss rate	3.58%	10.74%	74.03%	11.66%	-
Gross carrying amount – trade receivables	74 766 802	57 287 220	8 431 987	1 327 739	141 813 748
Credit loss allowance	(407 711)	(1 223 151)	(8 431 987)	(1 327 739)	(11 390 588)
Net carrying amount	74 359 091	56 064 069	-	-	130 423 160

Debt securities and other financial assets at amortised cost

All of the Company's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Instruments are considered to be of low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The company does not hold any security for amounts receivable from customers. None of the amounts due from related parties are past due or impaired and repayments have been received regularly and on time historically. The Company has procedures in place to assess whether to enter into once off transactions with third parties, including mandatory credit checks.

Cash and cash equivalents

The fair value of cash and cash equivalents at 30 September 2021 approximates the carrying amount because of their short term nature. The Company holds cash accounts with large financial institutions with sound financial and capital cover. The financial institutions holding the Company's cash and cash equivalents have the following credit ratings according to the Global Credit Rating Company ratings:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Rating				
A+	10 647 483	569 998	10 647 483	376 115
A	85 741 281	210 416	85 741 281	138 844
AA-	83 402 150	34 391 277	83 402 150	22 693 195
BB+	-	-	-	-
BBB	40 167 370	854 238	40 167 370	563 672
	219 958 284	36 025 930	219 958 284	23 771 826

Notes to the financial statements

For the year ended 30 September 2021 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company 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. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

Cash flow forecasting is performed by management. Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

The Company had access to the following borrowing facilities at the end of the reporting period.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Bank overdraft	100 000 000	37 887 213	100 000 000	25 000 000
	100 000 000	37 887 213	100 000 000	25 000 000

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

The table below analyses the Company'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.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	INFLATION ADJUSTED				
At 30 September 2020	**Up to 1 month ZWL**	**1 month to 6 months ZWL**	**6 months to 1 year ZWL**	**1 year to 5 years ZWL**	**Total ZWL**
Assets					
Trade and other receivables (excluding prepayments and statutory receivables)	58 871 342	-	1 794 672	-	60 666 014
Cash and cash equivalents	260 729 668	-	-	-	260 729 668
	319 601 010	-	1 794 672	-	321 395 682
Liabilities					
Trade and other payables (excluding statutory liabilities)	118 889 611	-	-	-	118 889 611
Borrowings	33 929 056	-	-	-	33 929 056
	152 818 667	-	-	-	152 818 667
Liquidity gap	166 782 343	-	1 794 672	-	168 577 015
Cumulative liquidity surplus	166 782 343	166 782 343	168 577 016	168 577 016	-

Notes to the financial statements

For the year ended 30 September 2021 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	INFLATION ADJUSTED				
At 30 September 2021	**Up to 1 month ZWL**	**1 month to 6 months ZWL**	**6 months to 1 year ZWL**	**1 year to 5 years ZWL**	**Total ZWL**
Assets					
Trade and other receivables (excluding prepayments and statutory receivables)	246 286 952	-	-	-	246 286 952
Cash and cash equivalents	237 542 707	-	-	-	237 542 707
	483 829 659	-	-	-	483 829 659
Liabilities					
Trade and other payables (excluding statutory liabilities)	83 636 106	-	-	-	83 636 106
Borrowings	130 008 026	-	-	-	130 008 026
Liquidity gap	270 185 527	-	-	-	270 185 527
Cumulative liquidity surplus	270 185 527	270 185 527	270 185 527	270 185 527	-

The liquidity risk on foreign creditors and lenders has increased due to delay of foreign payments owing to the challenge of inadequate nostro funds that the country is grappling with. Refer note 10 for additional disclosures under cash and cash equivalents. The Company has mitigating measures in place to manage the increase in liquidity risk such as ongoing engagement with banks and participating on the forex interbank market.

The Company 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.

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company 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 on the statement of financial position plus net debt.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	**2020 ZWL**	**2021 ZWL**	**2020 ZWL**
The gearing ratio as at 30 September was as follows:				
Total borrowings	130 008 026	135 757 254	130 008 026	89 579 862
Less: cash and cash equivalents	(237 542 707)	(260 729 668)	(237 542 707)	(172 043 312)
Net debt	(107 534 680)	(124 972 413)	(107 534 680)	(82 463 450)
Total equity	1 719 864 753	1 951 168 773	1 203 815 503	394 936 330
Total capital	1 612 330 073	1 826 196 359	1 096 280 823	312 472 880
Gearing ratio	7%	7%	10%	26%

Notes to the financial statements

For the year ended 30 September 2021 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. The level includes listed equity securities traded on active markets.

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. The Company had no financial assets or financial liabilities carried at fair value at 30 September 2021 (2020: ZWLnil).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors (refer to note 2.1), including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company 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 addressed below.

a) Inflation indices and adjustments

The Public Accountants Auditors Board ("the" "PAAB") issued a pronouncement ("Pronouncement 01/2019") on the application of IAS 29 Financial Reporting in Hyperinflationary Economies Standard in Zimbabwe after broad market consensus that factors and characteristics to consider Zimbabwe economy as hyperinflationary have been met. One characteristic that leads to the classification of an economy as hyperinflationary, is a cumulative three year inflation rate approaching or exceeding 100 percent. Pronouncement 01/2019 covered the preparation and presentation of financial statements of entities operating in Zimbabwe for the financial periods ending on or after 1 July 2019. International Financial Reporting Interpretations Committee ("IFRIC"), 7, Economies becoming hyperinflationary, requires that the Company applies the IAS 29 as if the economy was always hyperinflationary.

IAS29 requires that the financial statements prepared in the currency of a hyper inflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. The restatement was calculated by means of conversion factors derived from the Zimbabwean Consumer Price Index (CPI) issued by Zimbabwe Central Statistical Office.

The indices and conversion factors used to restate the Company's financial statements as at 30 September are provided below. The indices and conversion factors used to restate the accompanying financial statements are as follows:-

Date	Indices	Conversion factor
30 September 2021	3 342	1.00
30 September 2020	2 205	1.52
CPI as at 30 September 2019	290	11.51

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

1. Financial assets prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date. The corresponding figures for the previous period are restated in the same terms of the measuring unit current at the balance sheet date.
2. Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.
3. Non monetary assets and liabilities that are not carried at current amounts at the balance sheet date and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction to the balance sheet date. Additions to property, plant and equipment are restated using the relevant conversion factors from the date of the transaction to balance sheet date.
4. All items in the statement of comprehensive income are restated by applying the relevant monthly conversion factors.
5. The effect of inflation on the net monetary position is included in the statement of comprehensive income as a monetary gain or loss on the monetary position.
6. All items in the cash flow statement are expressed in terms of the measuring unit current at the statement of financial position date.

b) Carrying amount of plant and equipment

The Company carried out an impairment assessment of plant and equipment as at 30 September 2021. The cash generating unit ("CGU") specifically tested for impairment was plant and equipment, which is the smallest group of assets that generate cash inflows independently of other assets held by the Company. There has been no impairment loss recognised for the year ended 30 September 2021 (2019: ZWL nil).

Indicators of impairment

In accordance with IAS 36, 'Impairment', an entity should assess at each reporting date whether there is any indication that an asset may be impaired. The following external and internal sources of information may be indications of impairment:

- Prevailing foreign currency shortages adversely impact the Company's ability to import the required quantities of raw material which may impact production.

Notes to the financial statements

For the year ended 30 September 2021 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

b) Carrying amount of plant and equipment (continued) Indicators of impairment (continued)

Impairment review

The recoverable amount of the CGU was determined based on value in use of the plant and equipment. The calculation was based on approved budgetary forecasts, internal forecasts of operating costs, capital expenditure production volumes, costs of production, future cash flows for the next three years, inflation and long term real discount rates. The estimated future cash flows were based on the approved 2022 budget inflated by constant gross profit margins and revenue growth rates, which is based on the Zimbabwe National Budget. Long-term growth rates are based on the Business Monitor International ("BMI") reports, which are specific to Zimbabwe. Also taken into account are the expectations about possible variations in the amount or timing of future cash flows and the time value of money. To address the time value of money, management determined the appropriateness of the applied discount rate. The discount rate applied is the country risk, which has been adjusted for foreign risk and specific risks relating to the Company.

All the above estimates are subject to risks and uncertainties including future availability or continued lack thereof of foreign currency. It is therefore possible that changes can occur which may affect the recoverability of the plant and equipment.

c) Useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives 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-inflation adjusted ZWL138 277 570 (2020:ZWL 157 161 478) lower or higher where the useful lives to differ from management's estimate by 10%.

d) Going concern

The Company's ability to continue operating as a going concern may be negatively impacted as the Company continues to operate in a difficult hyperinflationary macroeconomic environment characterised by foreign currency shortages. Foreign currency shortages which have persisted have led to growth in real time gross settlement ("RTGS") balances and the re-emergence of the parallel market since 2018 financial year.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in existence for the foreseeable future.

Management has assessed that the Company will continue operating as a going concern, citing the following:

- Historical cost revenue increased during the year to ZWL3.4 billion compared to ZWL 860 million recorded during the 2020 financial year. This increase was mainly attributable to the increased selling prices due to inflationary adjustment. Shortages of foreign currency also prevented other customers from directly accessing the commodities through direct imports and the Company took advantage of the imports restrictions.
- The profitability of the Company improved with the Company reporting a historical cost profit after income tax of ZWL 762 million for the year ended 30 September 2021, compared to a profit for the year of ZWL318 million for the same period last year.
- Historical cost cash flows generated from operating activities have remained positive $22M million against last year $70million
- Continued cost containment and reduction measures, capital expenditure rationalisation and optimising efficiencies on existing capital.
- The Company secured overdraft and loan facilities amounting to ZWL320 million (2020:ZWL 139 million) with local financial institutions to fund working capital requirements. This will alleviate the raw material challenges that the Company is facing.

Accordingly, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

e) Impairment of trade receivables and financial assets

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying expected credit losses model of impairing trade receivables.

- Significant increase of credit risk- in assessing whether the credit risk of an asset has significantly increased the directors consider qualitative and quantitative reasonable and supportable forward-looking information.
- Model and assumptions used-the Company used a model and assumptions in measuring fair value of financial assets as well as in estimating ECL. Directors have applied judgement in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.
- Business model assessment-the Company determines th business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of assets and how these are managed.

Notes to the financial statements
For the year ended 30 September 2021 (continued)

5 SEGMENTAL INFORMATION

The executive management team is the Company's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the executive management team for the purposes of allocating resources and assessing performance.

The executive management team considers the business from both a geographic and product perspective. The Company has one product line, and operates in one industry sector.

Revenue is primarily from customers who are domiciled in Zimbabwe though other revenue is from external customers domiciled in, Mozambique, Malawi and Zambia. The amount of revenue from external customers is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Revenue from customers domiciled in Zimbabwe	3 547 555 119	2 177 489 367	3 030 837 119	747 389 937
Revenue from external customers	406 165 991	291 829 914	345 871 807	113 468 496
	3 953 721 111	2 469 319 281	3 376 708 926	860 858 433
Revenues from transactions with single local customers that amounted to 10% or more of the Company's revenue amount to approximately ZWL542 102 024 (2020:ZWL 260 017 091) inflation adjusted. These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the revenue from the major individual local customer with revenue of at least 10% is as follows:				
Retail sector (2021) and energy sector (2020)	542 102 024	260 017 091	69 135 774	12 283 081

Entity-wide information
The Company only has one reportable segment. The total historical cost carrying amount of non-current assets located in Zimbabwe is ZWL3 183 229 (2020: ZWL3 763 552) in historical cost, and there are no non-current assets located in other countries.

As there is only discrete financial information available for the entire Company, the segment information provided to the executive team for the product reportable segments for the year ended 30 September 2021 is as follows:

	INFLATION ADJUSTED			
	2021 Cables ZWL	2020 Total ZWL	2020 Cables ZWL	2020 Total ZWL
Revenue from customers	3 953 721 111	3 953 721 111	2 469 319 281	2 469 319 281
Depreciation	18 883 910	18 883 910	20 268 044	20 268 044
Share option charge	56 383 258	56 383 258	61 532 629	61 532 629
Profit before interest and taxation	618 909 191	618 909 191	1 132 519 437	1 132 519 437
Finance income	29 153	29 153	20 542	20 542
Finance cost	(104 269 709)	(104 269 709)	-	-
Income tax expense	420 949 994	420 949 994	(69 720)	(69 720)
Total assets	134 370 111	134 370 111	68 593 290	68 593 290
Total liabilities	545 556 432	545 556 432	433 047 390	433 047 390
	HISTORICAL COST			
Revenue from customers	3 376 708 926	3 376 708 926	860 858 432	860 858 432
Depreciation	580 323	580 323	561 806	561 806
Share option charge	46 475 999	46 475 999	21 525 000	21 525 000
Profit before interest and taxation	1 119 588 419	1 119 588 419	421 560 358	421 560 358
Finance income	28 272	28 272	6 518	6 518
Finance cost	(84 129 253)	(84 129 253)	(12 859 646)	(12 859 646)
Income tax expense	273 111 141	273 111 141	90 899 893	90 899 893
Total assets	68 593 290	68 593 290	22 511 331	22 511 331
Total liabilities	12 561 266	12 561 266	12 561 266	12 561 266

Notes to the financial statements

For the year ended 30 September 2021 (continued)

6 PROPERTY, PLANT AND EQUIPMENT - INFLATION ADJUSTED

	INFLATION ADJUSTED					
	Land ZWL	Buildings ZWL	Plant and equipment ZWL	Motor vehicles ZWL	Office equipment ZWL	Total ZWL
Year ended 30 September 2020						
Opening net book amount	6 084 547	34 523 115	99 415 724	38 869 805	-	178 893 191
IFRS 29 Adjustment	(479 097)	(2 564 132)	206 373	1 060 743	-	(1 776 113)
Additions	-	-	-	312 448	-	312 448
Disposal	-	-	-	-	-	-
Depreciation charge	-	(1 082 639)	(8 464 926)	(10 720 478)	-	(20 268 044)
Closing net book amount	5 605 450	30 876 344	91 157 170	29 522 518	-	157 161 478
As at 30 September 2020						
Cost	5 605 450	43 175 565	168 691 416	67 874 940	2 928 191	288 275 562
Additions	-	-	-	312 448	-	312 448
Disposals	-	-	-	(2 206 248)	-	(2 206 248)
Accumulated depreciation and impairment	-	(12 299 223)	(77 534 247)	(36 458 623)	(2 928 191)	(129 220 284)
Net book amount	5 605 450	30 876 342	91 157 168	29 522 517	-	157 161 478
Year ended 30 September 2021						
Opening net book amount	5 605 450	30 876 342	91 157 168	29 522 517	-	157 161 477
Disposal	-	-	-	-	-	-
Depreciation charge	-	(1 082 639)	(8 464 926)	(9 336 343)	-	(18 883 910)
Closing net book amount	5 605 450	29 793 703	82 692 242	20 186 174	-	138 277 570
As at 30 September 2021						
Cost	5 605 450	43 175 565	168 691 416	65 981 140	2 928 191	286 381 761
Disposals	-	-	-	-	-	-
Accumulated depreciation and impairment	-	(13 381 862)	(85 999 174)	(45 794 966)	(2 928 191)	(148 104 192)
Net book amount	5 605 450	29 793 703	82 692 242	20 186 174	-	138 277 570

Notes to the financial statements
For the year ended 30 September 2021 (continued)

6 PROPERTY, PLANT AND EQUIPMENT (continued)

	HISTORICAL COST					
	Land ZWL	Buildings ZWL	Plant and equipment ZWL	Motor vehicles ZWL	Office equipment ZWL	Total ZWL
Year ended 30 September 2020						
Opening net book amount	105 143	599 559	1 981 364	1 433 120	-	4 119 186
Additions	-	-	-	206 170	-	206 170
Disposal	-	-	-	-	-	-
Depreciation charge	-	(20 307)	(209 352)	(332 146)	-	(561 805)
Closing net book amount	105 143	579 252	1 772 012	1 307 144	-	3 763 551
As at 30 September 2021						
Cost	105 143	809 553	3 419 637	2 170 759	54 925	6 560 017
Adjustment	-	-	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-	-	-
Accumulated depreciation and impairment	-	(230 301)	(1 647 625)	(863 615)	(54 925)	(2 796 466)
Net book amount	105 143	579 252	1 772 012	1 307 144	-	3 763 551
Year ended 30 September 2021						
Opening net book amount	105 143	579 255	1 772 012	1 307 144	-	3 763 554
Adjustment	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Depreciation charge	-	(20 306)	(209 807)	(350 209)	-	(580 323)
Closing net book amount	105 143	558 949	1 562 205	956 935	-	3 183 231
As at 30 September 2021						
Cost	105 143	810 151	3 419 634	2 086 733	54 925	6 476 586
Disposals	-	-	-	-	-	-
Accumulated depreciation and impairment	-	(250 607)	(1 857 429)	(1 129 798)	(54 925)	(3 292 760)
Net book amount	105 143	559 544	1 562 205	956 935	-	3 183 826

Notes to the financial statements

For the year ended 30 September 2021 (continued)

7 INVENTORIES

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Raw materials and consumables	670 783 978	724 846 620	389 389 792	138 221 810
Work in progress	61 572 155	2 055 161	55 021 107	14 553 169
Finished goods	779 802 024	1 052 709 816	488 319 750	201 336 329
Goods in transit	-	707 613	-	466 921
	1 512 158 157	1 800 319 210	932 730 648	354 578 229
Provision for slow moving and obsolete inventories	(2 795 675)	(9 919 647)	(2 795 676)	(464 854)
	1 509 362 481	1 790 399 563	929 934 973	354 113 375
There were no inventories written down to net realisable value during the year (2020: ZWL nil).				
There were no inventories pledged as security during the year (2020: ZWL nil).				
The analysis for the provision for slow moving and obsolete inventories is as follows:				
As at 1 October	9 919 645	9 351 905	464 854	329 526
Provision recognised during the year	(7 123 970)	567 740	2 330 822	135 328
As at 30 September	2 795 675	9 919 645	2 795 676	464 854

8 CURRENT INCOME TAX PAYABLES

	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
As at 1 October	(81 225 826)	(20 716 354)	(53 625 874)	(1 828 867)
Effect of IAS 29	(11 312 768)	(9 362 338)	-	-
Tax paid during the year	338 972 511	93 795 122	300 059 790	43 843 609
Tax charge for the year (note 21)	(312 007 858)	(144 942 257)	(312 007 858)	(95 640 616)
As at 30 September	(65 573 942)	(81 225 826)	(65 573 942)	(53 625 873)

9 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
Trade receivables - third parties	142 178 010	115 478 907	142 178 010	76 199 129
Less: allowance for expected credit losses	(11 413 174)	(4 987 862)	(11 413 174)	(3 291 257)
Trade receivables - net	130 764 836	110 491 044	130 764 836	72 907 872
Prepayments	247 745 003	55 949 480	246 286 952	35 788 448
Other receivables	1 728 589	9 484 921	1 728 589	6 258 656
	380 238 427	175 925 446	378 780 378	114 954 976
Impairment and risk exposure				
Note 3.1 sets out information about the impairment of trade and other receivables.				
The movements in the allowance for expected credit losses measured at amortised cost are as follows:				
As at 1 October	4 987 862	3 777 899	(2 893 565)	198 846
Reversal of previous allowance for impairment	-	-	-	-
Allowance for impairment recognised during the year:				
- trade receivables	6 425 312	1 209 963	(8 121 917)	(3 092 411)
- other receivables	-	-	-	-
As at 30 September	11 413 174	4 987 862	(11 015 482)	(2 893 565)

Notes to the financial statements

For the year ended 30 September 2021 (continued)

9 TRADE AND OTHER RECEIVABLES (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Amounts recognised in profit or loss				
During the year, the following expected credit losses were recognised in the statement of comprehensive income in relation to impaired receivables:				
Allowance for expected credit losses - trade receivables	(6 425 312)	(1 209 963)	(8 121 917)	(3 092 411
	(6 425 312)	(1 209 963)	(8 121 917)	(3 092 411)
The carrying amounts of the Company's trade and other receivables are denominated in ZWL.				
Due to their short term nature, the carrying amount of trade and other receivables is considered to be the same as their fair value.				
The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Company does not hold any collateral in relation to these receivables.				
In the statement of cash flow, decrease in trade and other receivables comprises:				
In the statement of cash flow, decrease in trade and other				
Statement of financial position movement	(204 312 981)	(35 248 174)	(263 825 402)	(103 141 997)
Allowance for expected credit losses	(6 425 312)	(1 209 963)	(8 519 609)	(3 092 411)
	(210 738 293)	(36 458 137)	(272 345 011)	(106 234 408)

10 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
Cash at bank	222 966 071	36 057 182	222 966 071	23 792 448
Cash in hand	14 576 635	224 672 485	14 576 635	148 250 864
	237 542 707	260 729 668	237 542 707	172 043 312

11 RESERVES

11.1 Authorised

	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
50 000 000 ordinary shares with a nominal value of ZWL0.00001 each.	26 066	26 066	500	500
100 000 5.5% cumulative preference shares of ZWL0.00001 each	1	1	1	1

Notes to the financial statements
For the year ended 30 September 2021 (continued)

11 RESERVES (continued)

11.2 Issued and fully paid

		INFLATION ADJUSTED			HISTORICAL COST		
	Ordinary shares in issue	Ordinary shares ZWL	Share premium ZWL	Total ZWL	Ordinary shares	Share premium ZWL	Total ZWL
As at 1 October 2019	33 144 000	17 263	16 301 216	16 318 479	331	332 323	332 654
Restatement of owners equity on application of IAS 29	-	-	-	-	-	-	-
Employee share option scheme:							
Shares issued	137 500	-	209 566	209 566	-	34 375	34 375
Share options	-	-	3 420 717	3 420 717	2	924 623	924 625
As at 30 September 2020	33 281 500	17 263	19 931 499	19 948 762	333	1 291 321	1 291 654
As at 1 October 2020	33 281 500	17 263	19 931 499	19 948 762	333	1 291 321	1 291 654
Employee share option scheme:							
Shares issued	107 500	3	37 830	37 830	-	26 875	26 875
Share options	-	-	13 633 256	13 602 585	1	6 530 624	6 530 625
As at 30 September 2021	33 389 000	17 266	13 602 585	33 619 851	334	7 848 820	7 849 154

The unissued share capital is under the control of the directors subject to the limitations of the Companies and Other Business Entities Act (Chapter 24:31).

11.3 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 price of the shares on the date of the grant. Under the scheme, share options granted in 2010 are exercisable between 31 December 2013 and 31 December 2020 at a price of ZWL0.12 cents per share and share options granted in 2014 are exercisable between 31 December 2015 and 31 December 2020 at a price of ZWL0.25 cents per share, and shares granted in 2018 at a price of ZWL0.70 are exercisable between 7 October 2021 and 31 December 2023.The Company has no legal or constructive obligation for repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2021 Number of share options issued	2021 Exercise price per share ZWL	2020 Number of share options issued	2020 Exercise price per share ZWL
Options authorised	3 232 700		3 232 700	
Outstanding at the beginning of the year	107 500	0.25	245 000	0.25
Outstanding at the beginning of the year	600 000	0.70	600 000	0.25
	707 500		845 000	
Exercised	(107 500)	0.25	(137 500)	0.25
	(107 500)		(137 500)	
Total shares outstanding at the end of the year	600 000		707 500	
Outstanding at the end of the year, expiring 31 December 2020	-	0.25	107 500	0.25
Outstanding at the end of the year, expiring 31 December 2023	600 000	0.70	600 000	0.70
	600 000		707 500	

Notes to the financial statements

For the year ended 30 September 2021 (continued)

11 RESERVES (continued)

11.3 Share option reserve (continued)

Share options outstanding at the end of the year have the following exercisable dates, expiry dates and exercise prices.

Grant date	Exercisable date	Expiry date	Exercise price per share ZWL	2021 Number of share options	2020 Number of share options
22 September 2014	1 October 2019	31 December 2020	0.25	-	107 500
6 September 2018	7 October 2021	31 December 2023	0.70	200 000	200 000
6 September 2018	7 October 2021	31 December 2023	0.70	200 000	200 000
6 September 2018	7 October 2021	31 December 2023	0.70	200 000	200 000
				600 000	707 500

600 000 under share option scheme are exercisable between 1 October 2021 and 31 December 2023.

11.3 Share option reserve

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2019 ZWL	2020 ZWL
The movement on the share option reserve is as follows:				
As at 1 October	43 714 706	12 495 074	21 002 626	402 251
Charge to the income statement	17 233 294	31 219 632	39 945 374	20 600 375
As at 30 September	60 948 000	43 714 706	60 948 000	21 002 626

12 DEFERRED INCOME TAXES

The analysis of deferred tax assets and deferred income tax liabilities is as follows:				
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months				
Deferred tax assets to be recovered within 12 months	(334 149 030)	(57 833 536)	(685 125)	(820 727)
	(334 149 030)	(57 833 536)	(685 125)	(820 727)
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	177 422 766	10 049 406	43 888 909	5 127 994
	177 422 766	10 049 406	43 888 909	5 127 994
Deferred tax liabilities (net)	(156 726 264)	(47 784 130)	43 203 784	4 307 267
The gross movement on the deferred income tax account is as follows:				
at 1 October	47 784 122	192 804 072	(4 307 067)	433 656
Effect of IAS 29	-	(290 031 919)	-	-
Statement of comprehensive income (note 21)	108 942 136	145 011 971	(38 896 717)	(4 740 723)
As at 30 September	156 726 258	47 784 125	(43 203 784)	(4 307 067)

Notes to the financial statements

For the year ended 30 September 2021 (continued)

13 TRADE AND OTHER PAYABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Trade payables	78 492 569	79 778 546	78 492 569	52 642 131
Social security expenses and other taxes	8 430 970	9 865 256	8 430 970	6 509 621
Value added tax ("VAT")	31 666 263	-	31 666 263	-
Accrued expenses	5 143 537	7 668 352	5 143 537	5 059 987
	123 733 340	97 312 155	123 733 340	64 211 739

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

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short term nature.

14 PROVISIONS FOR OTHER LIABILITIES AND CHARGES-INFLATION ADJUSTED AND HISTORICAL COST

Provisions for other liabilities and charges comprises provisions for bonuses and leave pay. The movements during the year are as follows:

	Leave pay provision ZWL	Bonus provision ZWL	Total ZWL
Year end 30 September 2020			
As at 1 October 2019	6 503 812	25 967 414	32 471 226
Utilised in the current year	(6 503 812)	(25 967 414)	(32 471 226)
Charged to the income statement	16 688 890	54 279 127	70 968 017
As at 30 September 2020	16 688 890	54 279 127	70 968 017
Year end 30 September 2021			
As at 1 October 2020	16 688 890	54 279 127	70 968 017
Utilised in the current year	(16 688 890)	(54 279 127)	(70 968 017)
Charged to the income statement	15 380 574	54 134 285	69 514 859
As at 30 September 2021	15 380 574	54 134 285	69 514 859

15 REVENUE FROM CONTRACTS WITH CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Revenue from customers domiciled in Zimbabwe	3 547 555 119	2 177 489 367	3 030 837 119	747 389 937
Revenue from external customers	406 165 991	291 829 914	345 871 807	113 468 496
	3 953 721 111	2 469 319 281	3 376 708 926	860 858 433
Timing of revenue recognition				
- at a point in time	3 953 721 111	2 469 319 281	3 376 708 926	860 858 433
- over time	-	-	-	-
	3 953 721 111	2 469 319 281	3 376 708 926	860 858 433

16 BORROWINGS

Bank overdraft	8 026	41 796 965	8 026	27 579 862
Loan	30 000 000	93 960 289	130 000 000	62 000 000
	130 008 026	135 757 254	130 008 026	89 579 862

All the borrowings are short term (not exceeding 12 months) and bear interest ranging between 43%-45% per annum

Notes to the financial statements

For the year ended 30 September 2021 (continued)

17 EXPENSES BY NATURE

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Raw materials and consumables used	2 033 794 980	749 765 674	1 508 595 399	249 467 428
Employee benefit expense (note 18.1)	596 927 608	483 513 671	427 689 689	184 804 686
Audit fees				
- Current year	8 266 939	3 726 020	6 764 680	2 458 626
- Prior year	-	-	-	-
Directors' emoluments				
- Fees	7 410 436	6 724 107	6 209 989	2 220 017
Postage and telephone	2 280 481	1 580 924	1 904 411	579 454
Canteen	11 182 203	10 513 096	9 389 525	3 919 346
Trade promotion	1 837 031	2 122 405	1 444 772	302 677
Plant repairs and maintenance	108 150 179	86 745 621	91 499 021	28 583 016
Building repairs and maintenance	18 271 129	8 810 264	16 063 212	2 923 247
Vehicle repairs and maintenance	16 224 780	13 839 026	13 503 653	4 615 735
Electricity and water	46 829 120	38 052 925	37 267 371	10 707 880
Depreciation (note 6)	18 883 909	20 268 045	580 323	561 806
Quality and ISO certifications	20 140 600	17 543 145	10 285 134	2 539 326
Security	14 930 011	12 142 605	12 372 840	5 106 766
Carried forward	2 905 129 405	1 455 347 528	2 143 570 019	498 790 010
Brought forward	2 905 129 405	1 455 347 528	2 143 570 019	498 790 010
Machine running expenses	22 397 812	14 093 372	18 994 429	4 858 414
Insurance	15 781 651	11 228 779	13 106 976	4 750 411
Secretarial and listing related costs	5 223 598	3 582 586	4 448 917	1 302 168
Legal and professional fees	5 173 541	2 041 589	4 528 577	855 456
Cleaning and laundry	3 177 319	4 144 490	2 656 248	1 618 351
Subscriptions	4 722 229	3 392 976	3 855 752	1 133 209
Computer expenses	8 146 082	6 867 946	6 800 633	2 369 171
Bank charges	8 567 042	5 500 546	8 563 868	1 596 640
Travel	16 534 654	15 171 210	16 667 394	6 098 766
Freight outwards	9 984 916	8 227 269	8 568 899	2 725 310
Forklifts hire	20 863 149	18 311 049	17 204 270	7 101 491
Allowance for impairment of trade receivables (note 9)	8 170 170	4 483 048	8 170 170	2 958 151
Clinic expenses	8 488 407	3 115 428	6 394 101	1 449 070
Protective clothing	4 234 414	3 122 540	3 251 943	658 740
Printing and stationery	9 483 597	5 994 028	8 052 496	2 298 284
2% government levy	26 958 828	22 975 687	23 136 338	7 275 630
Packaging	823 941	1 013 874	582 404	448 108
Provision recognised for slow moving and obsolete inventories (note 7)	(7 123 970)	567 740	2 330 822	135 328
Other expenses	322 809 168	8 320 508	11 250 044	6 316 221
Total cost of sales, distribution costs and administrative expenses	3 399 545 953	1 597 502 192	2 312 134 298	554 738 929
The cost of sales, distributions costs and administrative expenses have been disclosed as follows:				
Cost of sales	2 794 290 883	1 054 708 088	1 815 024 771	352 400 783
Distribution costs	11 891 698	10 352 023	10 073 671	3 028 437
Administrative expenses	583 496 597	527 959 034	478 865 686	196 351 555
Allowance for impairment of trade and other receivables	9 866 775	4 483 048	8 170 170	2 958 154
	3 399 545 953	1 597 502 192	2 312 134 298	554 738 929

Notes to the financial statements

For the year ended 30 September 2021 (continued)

17 EXPENSES BY NATURE (continued)

17.1 Employee benefit expense	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Salaries - executive management	211 775 760	111 326 612	88 894 491	46 012 246
Salaries and wages - non executive employees	292 915 043	275 160 283	262 859 827	105 090 991
Social security costs (note 23)	1 471 208	583 087	1 300 884	242 463
Pension costs (note 23)	26 841 325	24 806 973	22 316 328	9 043 485
Share options charge	56 383 258	61 532 629	46 475 999	21 525 000
Recognition expenses	924 005	758 879	709 516	157 278
Attendance hamper	6 617 010	9 345 207	5 132 644	2 733 223
	596 927 608	483 513 671	427 689 689	184 804 686
18 OTHER INCOME				
Scrap sales	17 376 660	2 525 483	13 066 958	971 931
Exchange gains	43 303 881	253 164 417	39 788 983	114 049 195
Other	(4 572)	62 167	(6 408)	193 725
	60 675 969	255 752 067	52 849 533	115 214 851
19 OTHER GAINS				
Profit from disposal of motor vehicles	2 361 460	1 677 196	2 164 258	226 004
20 FINANCE INCOME				
Finance cost	104 269 709	32 235 147	84 129 253	12 859 646
Interest income on current accounts with banks	(29 153)	(20 542)	(28 272)	(6 518)
21 INCOME TAX EXPENSE				
Current income tax on profits for the year	312 007 858	144 942 257	312 007 858	95 640 616
Deferred income tax (note 12)	108 942 136	(145 011 977)	(38 896 717)	(4 740 723)
	420 949 994	(69 720)	273 111 141	90 899 893
The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of 24.72% (2019: 25.75%) as follows:				
Profit before income tax	158 741 600	707 235 790	1 035 487 438	408 707 230
Notional taxation on profit for the year at a statutory rate of	39 240 924	174 828 687	255 972 495	101 032 427
Tax effects of:				
Income not subject to tax	(2 192 530)	(30 400 212)	(2 061 057)	(20 059 678)
Expenses not deductible for tax purposes at the statutory rate of 24.72% (note 22.1)	20 602 164	23 913 826	17 208 170	8 143 510
Permanent differences application of IAS 29	361 307 910	(160 773 607)	-	-
Effects of a change in tax rate	-	(7 712 162)	-	(17 346)
Recoupment on motor vehicles	1 991 527	73 748	1 991 527	1 800 979
	420 949 994	(69 720)	273 111 141	90 899 892
21.1 Expenses not deductible for tax purposes comprise the following:				
Share options	56 383 258	61 532 629	46 475 999	21 525 000
Government levy	26 958 828	22 975 687	23 136 338	7 275 630
Entertainment	-	10 513 096	-	4 117 072
Other	1 717 365	-	25 300	-
	83 342 086	96 738 777	69 612 337	32 943 002

Notes to the financial statements

For the year ended 30 September 2021 (continued)

22 EARNINGS PER SHARE

22.1 Basic earnings per share

	INFLATION ADJUSTED 2021 cents	INFLATION ADJUSTED 2020 cents	HISTORICAL COST 2021 cents	HISTORICAL COST 2020 cents
Profit attributable to the ordinary equity holders of the Company	(262 208 392)	707 305 512	762 376 298	317 807 339
Weighted average number of ordinary shares in issue (note 11)	33 389 000	33 281 500	33 389 000	33 281 500
Basic earnings per share attributable to the ordinary equity holders of the Company	(785.31)	2 125.22	2 283.32	954.91

22.2 Diluted earnings per share

	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
Profit attributable to the ordinary equity holders of the Company	(262 208 392)	707 305 512	762 376 298	317 807 339
Weighted average number of shares in issue (note 11)	33 389 000	33 281 500	33 389 000	33 281 500
Adjustment for:				
Share options outstanding at year end (note 11)	600 000	707 500	600 000	707 500
	33 989 000	33 989 000	33 989 000	33 989 000
Diluted earnings per share attributable to the ordinary equity holders of the Company	(771.45)	2 080.98	2 243.01	935.03

22.3 Headline earnings per share

	INFLATION ADJUSTED 2021 ZWL	INFLATION ADJUSTED 2020 ZWL	HISTORICAL COST 2021 ZWL	HISTORICAL COST 2020 ZWL
Profit attributable to the equity holders of the Company	(262 208 392)	707 305 512	762 376 298	317 807 339
Adjustments for:				
Profit on disposal of property, plant and equipment (note 19)	(2 361 460)	(1 677 196)	(2 164 258)	(226 004)
Tax effects on adjustments	583 753	431 878	535 005	55 868
Headline earnings	(263 986 099)	706 060 194	760 212 040	317 637 203
Weighted average number of shares in issue	33 389 000	33 281 500	33 389 000	33 281 500
Headline earnings per share (cents)	(790.64)	2 121.48	2 276.83	954.40

Notes to the financial statements

For the year ended 30 September 2021 (continued)

23 PENSION BENEFITS

CAFCA Pension Fund

The Company 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 Company and the employees at a rate of 11.5% and 7% respectively. All employees including executive directors comprising full-time permanent staff of the employer are eligible to be members of the fund.

National Social Security Authority Scheme

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

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 cents	2020 cents	2021 cents	2020 cents
Contributions recognised as an expense for the year are as follows:				
Social security costs (note 17)	1 471 208	583 087	1 300 884	242 463
Pension costs (note 17)	26 841 325	24 806 973	22 316 328	9 043 485
	28 312 533	25 390 060	23 617 212	9 285 948

24 RELATED PARTY TRANSACTIONS

Reunert Electrical Engineering (Proprietary) Limited owns 50.46% of the Company's ordinary shares and the remaining 49.54% are widely held. The following transactions were carried out with related parties:

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 cents	2020 cents	2021 cents	2020 cents
i) Purchases of goods				
CBI Electric African Cables - A division of ATC (Proprietary) Limited	21 798 284	27 060 178	16 097 348	13 458 438
Metal Fabricators of Zambia plc ("Zamefa")	94 427 699	33 220 021	73 029 734	17 952 879
	116 225 983	60 280 200	89 127 082	31 411 317
ii) Sales of goods				
CBI Electric Telecoms Cables (Proprietary) Limited	2 011 803	-	1 429 225	-
iii) Key management compensation				
Key management includes directors (executive and non-executive) and executive managers (members of the executive committee).				
Salaries and other short - term benefits	211 775 760	111 326 612	88 894 491	46 012 246
Share options charge	56 383 258	61 532 629	46 475 999	21 525 000
Directors' emoluments				
- Fees	7 410 436	6 724 107	6 209 989	2 220 017
	275 569 454	179 583 349	428 057 519	69 757 263

Outstanding share options granted to key management were 600 000 (2020: 707 500)

There were no loans made to directors or key management of the Company during the year (2020: ZWLnil).

25 CAPITAL COMMITMENTS

The Company had no significant capital expenditure contracted for by the directors at the reporting date (2020: $nil).

26 CONTINGENCIES

The Company did not have any contingent assets or liabilities at the reporting date (2020: $nil).

27 EVENTS AFTER REPORTING DATE

There were no material events, after the statement of financial position date that have a bearing on the understanding of these financial statements.

Notes to the financial statements

For the year ended 30 September 2021 (continued)

	Number of shareholders	%	Number of shares	%
1 - 500	216	33.80	42 438	0.13
501 - 1000	117	18.31	80 814	0.24
1001 - 5000	201	31.46	430 646	1.29
5001 - 10000	41	6.42	280 014	0.84
10001 - 50000	40	6.26	928 908	2.78
50001 - 100000	7	1.10	523 499	1.57
100001 - and above	17	2.66	31 102 681	93.15
Total	**639**	**100**	**33 389 000**	**100**

Non-public shareholders are defined in the Zimbabwe Stock Exchange Listing Requirements, which requires disclosure of public and non-public shareholders, as follows:
- The directors of the Company;
- An associate of the Company or any subsidiaries;
- The trustees of any employee share scheme or pension fund established for the benefit of any director or employees of the Company and its subsidiaries.
- Any person who, by virtue or any agreement, has the right to nominate a person to the board of the Company; or
- Any person who, is interested in more than 10% or more of the securities of the Company of the relevant class unless exempted by the committee.

Reunert Electrical Engineering (Proprietary) Limited, Cape Canary Messina Investments, and the directors' interests in the ordinary shares of the Company disclosed on page 6 are categorised as non-public shareholders of the Company.

Shareholders' calendar 2022 - 2023

2021 Annual report distributed	January 2022	2022 Results announced	Nov 2022
76th Annual General Meeting	February 2022	2022 Annual report	Jan 2023
2021 Half-year results announced	May 2022	77th Annual General Meeting	Feb 2023

Notice to shareholders

Notice is hereby given that the 76th annual general meeting of the members of CAFCA Limited will be at 12.00 noon on Thursday 24 February 2022.Shareholders are being advised that in light of current lockdown regulations and the need to follow other Covid-19 pandemic protocols, the Company will hold a virtual meeting, details of which will be communicated in due course. The agenda of the meeting is set out below:-

Ordinary Business
1. To receive and consider the directors' report, audited financial statements and the report of the auditors for the year ended 30 September 2021.
2. To accept the resignation of PricewaterhouseCoopers and to appoint auditors for the ensuing year
3. To approve the audit fees for the year.
4. To approve the directors fees for the year.
5. To re-elect as director Mr A.Mabena
6. To re-elect as director Mr S.E Mangwengwende

Notes:
1. A member entitled to vote at the above meeting may appoint one or more proxies as alternative or alternates 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. Details of the Virtual AGM will be sent by our transfer secretaries, First Transfer Secretaries (Pvt) Ltd through email to shareholders. Shareholders are advised to update their contact details with the transfer secretaries on the following contacts:

First Transfer Secretaries (Private) Limited
1 Armagh Avenue,Eastlea,Harare :Telephone:+263 242 782 869/7 Email:info@fts-net.com
Shareholders are encouraged to preregister on the online portal that will be provided by the transfer secretaries and submit proxy form 48 hours before the meeting. In order to ensure full considerations and shareholders participation, all queries/questions must be submitted to the Company and/or transfer secretaries at least 48 hours before the meeting. All the submitted questions will be read out and answered during the meeting by the Chairman and the Directors.

Please be advised that the 2021 Annual Report can be accessed on the company's website:www.cafca.co.zw. Electronic copies of the 2021 Annual Report (which includes financial statements, Directors' and Auditors' Report) shall be emailed to those shareholders whose email addresses are on record.

By order of board

C.Kangara
Company Secretary
31 December 2021

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.

Analysis of shareholding

	2021	2020	2019	2018	2017
Number on shares (000)	33 389	33 281.50	33 144	33 059	32 874
Attributable earnings per share(cents)	2 283.32	954.91	124.51	11.67	2.21
Diluted earnings per share	2 243.9	951.83	123.34	11.53	2.17
Price to earnings ratio		6.41	1,20	7.31	13
Market price(cents)	17 000	6 100 00	150,00	85,50	29
Profitability(%)					
Operating profit	33	49	58	17	6
Solvency					
Financial gearing ratio (%)	10	26	5	-	-
Interest cover(times)	13	33	53.20	-	-
Sharehilders funds to turnover (%)	33	46	60	53	80
Liquidlity					
Current assets to interest free liabilities and short term borrowings	3.98	2.52	5,13	3,39	8
Other					
Number of employees	225	216	212	204	181
Number of shareholders	639	602	594	592	605

Shareholders' information

Top 20 shareholders
At 30 September 2021

	Shareholder	Number of shares	% of total
1	REUNERT ELECTRICAL ENGINEERING (PROPRIETARY) LIMITED	16 847 250	50.46
2	CAPE CANARY	6 231 174	18.66
3	MESSINA INVESTMENTS	3 813 245	11.42
4	HONOUR MKUSHI FAMILY TRUST	966 854	2.90
5	NATIONAL SOCIAL SECURITY (WCIF)	712 224	2.13
6	DELWARE TRADING (PRIVATE) LIMITED	506 975	1.52
7	DELTA ENFIELD CABLES	448 800	1.34
8	NATIONAL PENSION SCHEME	413 461	1.24
9	RADIA PRAKASH	389 479	1.17
10	CAROLINE KANGARA	183 988	0.55
11	AVENELL INVESTMENTS (PRIVATE) LIMITED	141 207	0.42
12	STEPHENSON P.H	130 000	0.39
13	VALLEY STORES	125 000	0.37
14	GEZMARK INVESTMENTS (PRIVATE) LIMITED	120 549	0.36
15	WILSON ESQ, KENT RAYMOND	120 000	0.36
16	DUMISANI MHLANGA	95 000	0.28
17	FERBOS NOMINEES (PTY) LTD	92 367	0.28
18	GODFREY MAVERA	90 000	0.27
19	TFS NOMINEES (PRIVATE) LIMITED	88 547	0.27
20	PEOPLES OWN SAVINGS BANK	86 600	0.26
		31 602 720	94.65
	OTHER	1 786 280	5.35
	TOTAL	33 389 000	100.00

CAFCA

SUSTAINABILITY REPORT 2021

OUR RESPONSIBILITY TO OUR FUTURE

Why is sustainability so important to us?

Perhaps it's because we love our country and believe it is our solemn duty to ensure our children inherit a place better than we found it.

Or perhaps its because we know that if we do it right others will see how it works and follow our example.

"The best preparation for tomorrow is doing your best today"

H. Jackson Brown, Jr.

DIRECTORS' REPORT

1.0 Managing Director's overview

The strategic intent of finding a balance between financial considerations whilst maintaining a safe and healthy work environment was met. In addition to dealing with the COVID 19 pandemic focus was kept on operating efficiently in all our processes to reduce waste whilst complying with all legal and other requirements. The organization continued to recognize both internal and external stakeholders as active partners in business and ensures their needs and expectations are met. Sustainability is key in our business as equal efforts have to be channeled to all facets of the business to ensure targeted volumes and profitability are met without compromising on other system requirements.

As at 31 September 2021 the organization recorded 16 confirmed cases of COVID 19, all of which were successfully managed through the appropriate health delivery channels. A rigorous vaccination program for all employees started in July and as at end of September 2021 herd immunity of 80% was reached. The organization continues to improve on preventative measures as well as embracing best practices as guided by WHO.

In November 2019, the organization successfully stopped sending waste to city landfill by actively engaging in industrial symbiosis and other traditional methods of dealing with waste. This year and going forward, focus is on reducing waste generation at source.

During the year under review we have had an increase in the number of accidents from 9 in FY 20 to 15 in FY 21. Sadly, in February 2021 we lost one of our contractors who was hospitalized for a while after an injury on duty. May his soul rest in peace.

.

Behavioural issues and not following procedures were the contributing factors to accidents. The organization continues to implement the behavior based intervention system and enforcing procedures to eliminate accidents.

CAFCA successfully maintained certification to 4 voluntary management systems to which it subscribes. These are ISO 14001:2015, ISO 9001:2015, ISO 45001:2018 and ISO 50001:2018. The organization also successfully transitioned from ISO 50001:2011 to ISO 50001:2018 during this year.

Despite the turbulent economic environment in Zimbabwe, CAFCA remained resilient and continues to focus on strategies which guarantee its survival and growth. Our barter trade with ZETDC which reduced our reliance on foreign currency for copper imports sadly is now coming to an end with most of the overhead copper lines now harvested. Risks such as this were identified and actions developed to eliminate them. Opportunities were also identified and action plans developed which can help the organization survive the turbulent economic environment.

Further information on the organisation's performance, operations and out-look position is covered in the Managing Director's report refer to page 10.

GRI 102-14

R.N. WEBSTER
MANAGING DIRECTOR

2.0 About this report

This is the seventh sustainability report covering the financial year October 2020 - September 2021 (FY21). The report is integrated with the financial results and done annually. All data and information refer back to FY15 for the purposes of comparison. Issues reported in this document are within the confines of CAFCA Limited as guided by our internal procedures. CAFCA has complied with all the disclosures required when preparing a report in accordance with the GRI Standards (Core option). There has been no changes in reporting during the FY 21 period

A copy of this report can be obtained upon request from CAFCA through its Management Representative. We greatly appreciate and value your feedback. Questions regarding our sustainability report and its contents may be sent via email to marketing@ cafca.co.zw.

Contact person is Phillip Tashayawedu,
Chief Engineer, CAFCA Ltd
P.O Box 1651, Harare.

GRI 102-50 to GRI 102-54, GRI 102- 49

2.1 Stakeholders and materiality

2.1.1 REPORTING PRINCIPLES

The report content and topic boundaries were gathered by considering the organization's activities, impacts and the expectations and interests of its stakeholders. The reporting principles that were used are sustainability context, stakeholder inclusiveness, materiality and completeness as guided by GRI 101 standard.

A GRI standard Context Index is made part of this report to show the topics covered in the wider context of sustainability reporting.

2.1.2 MATERIALITY

Material topics for CAFCA and its stakeholders were identified through internal processes which are meetings, partnerships, collaborations, consultations, information/knowledge sharing and feedback from customers. All the identified material topics were mapped to indicate their significance both to CAFCA business and stakeholders.

The material topics are listed below:

Economic	Economic performance, market presence
Environment	Materials, Energy, Water, Emissions, Effluents and Waste.
Social	Employment, Labour-management relations, Health and Safety, Training and Education, Freedom of association and collective bargaining

2.4 External Assurance

No external assurance was done on this report, internal procedures and standing instructions have been enforced to ensure that the information used in this report is correct and representative of what is happening in CAFCA processes. All CAFCA management system procedures are documented in the Business Manual for continuity and repeatability.

GRI 102-56

3.0 About CAFCA

Information covering the company profile, our mission statement, corporate information and operating principles (shared values), is on page 2 of this Integrated Annual Report.

3.1 CAFCA overview

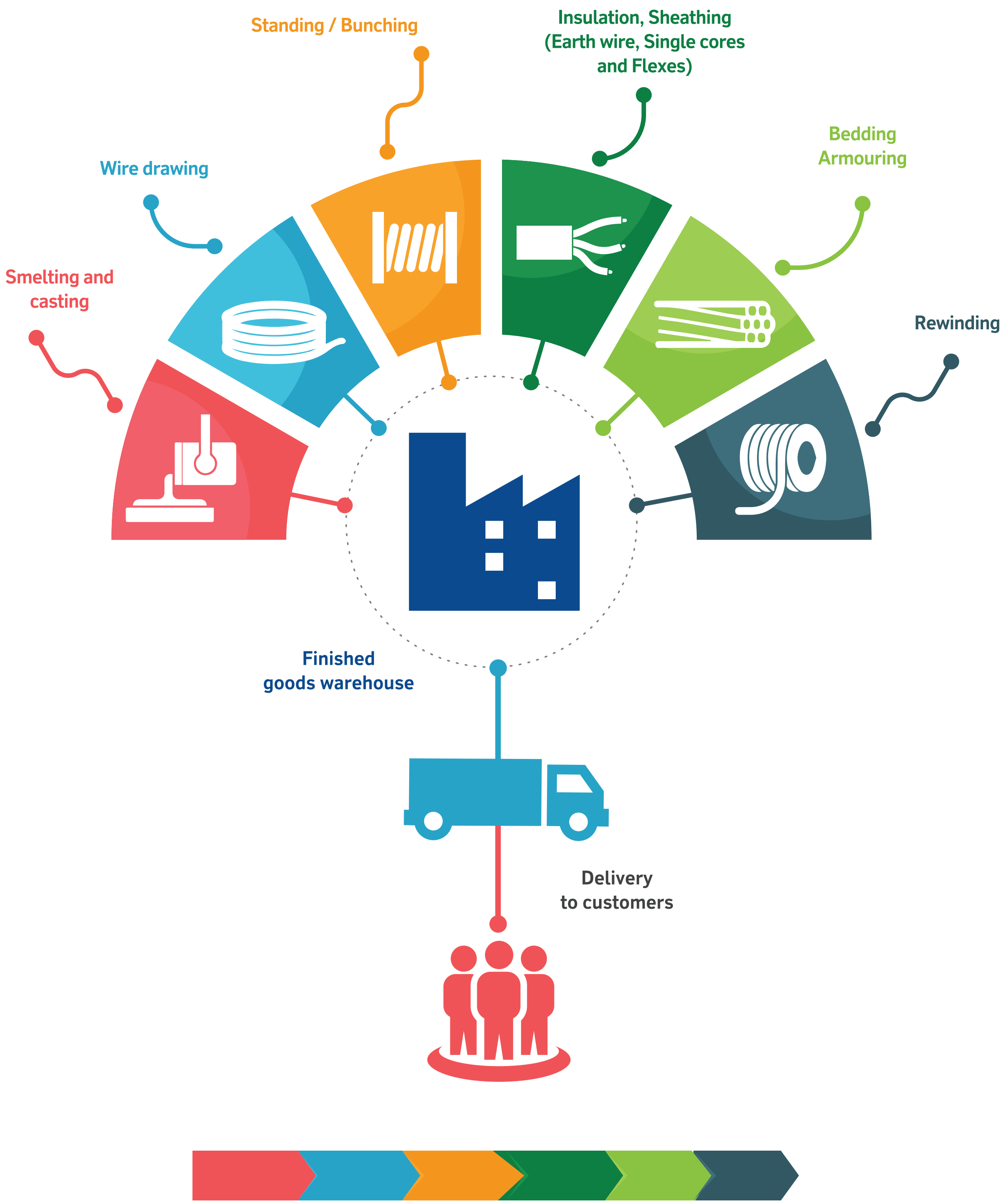
We refer you to the "CAFCA Overview" section of the Integrated Annual Report (pages 1 to 10).

GRI 102- 01 to 05

3.2 CAFCA supply chain

(see diagram overleaf)

CAFCA SUPPLY CHAIN



Key raw materials: a) Copper, b) Aluminium, c) Polyvinyl Chloride, d) Polythene, and e) Galvanized Steel Wire

Key raw materials

a) Copper,
b) Aluminium,
c) Polyvinyl Chloride,
d) Polythene, and
e) Galvanized Steel Wire

Copper is the main raw material in the production of CAFCA cables together with other raw materials mentioned above. All of these raw materials are imported. The organization however prefers buying local when available. In the year under review there was a 19% reduction in the amount of redundant copper used. The organization heavily depended on it because of scarce foreign currency to import copper. Because redundant copper is depleted, CAFCA resorted to importing most of this raw material from Zambia increasing the amount of cathode and 8mm rod into the process by 25%. The previous arrangement between CAFCA and Rio Zim which contributed 8% of copper requirement in FY20 was terminated. It had contributed 4% of the copper requirement for FY21. Processes have begun to have the capability of converting copper anodes to starter sheets in house.

The organization continues to rely on its traditional suppliers of raw materials, machine spare parts and services. An approved suppliers' database is used and suppliers are evaluated for performance and compliance at least once a year. Evaluation covers economic, environmental, quality, Health & safety impact in a view to continually improve our products and services in the wider context of sustainability. Prior to purchase of energy consuming equipment and services the organization as per procedure requirements considers energy efficiency as a criteria for selection of the products and services.

CAFCA subscribes to national and international standards for the manufacture of its products and these are: SAZ 240, SAZ 732, SANS 1507, SANS 1339, SANS 1418 and BS 215 standards. Finished goods can be purchased and collected at the retail shop at the factory site in Harare, Bulawayo retail shop, and through our distributors across the country. CAFCA also provides consignment stock to some selected key customers within and outside our borders.

GRI 102-09

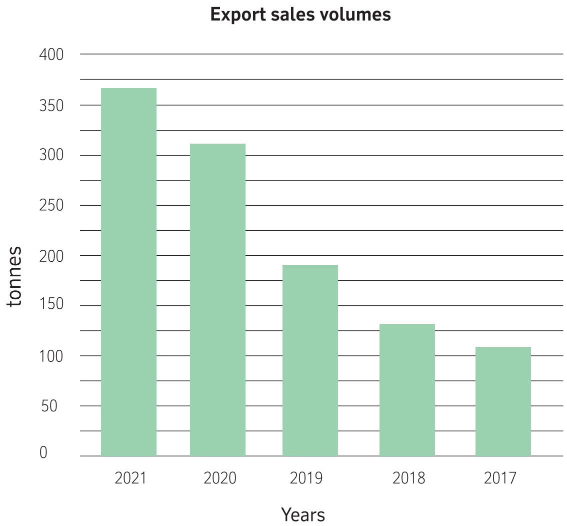
3.3 Changes in supply chain

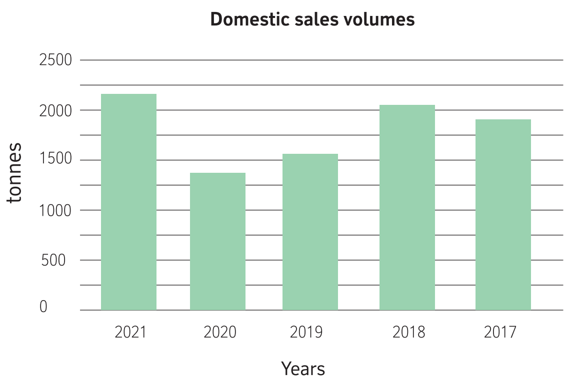
During the reporting period there were no significant changes to the organization and its supply chain which have significant economic, environmental and social impact.

GRI 102-10

3.4 Markets

CAFCA's turnover is predominantly from the domestic market. Sales volumes were 49% above 2020. The increased revenues were buoyed by consignment stocks sales in Malawi and Mozambique and strong domestic demand for cable despite the Covid 19 pandemic which affected the economy. See the sales revenue breakdown in tons:





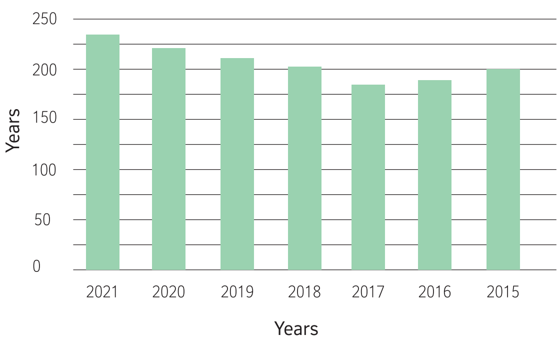
The domestic market is comprises of Utilities, Distributors, Construction & Industry, Mines, and Cash customers. Cash sales contributed 28%, Retail 19% and Utilities 7%. Sales continued to be sustained by the protection against imports put by government through, Statutory Instrument SI 122.

Refer to "Statement of financial position" section on page 16 and group performance review section on page 46 of the Integrated Annual Report.

GRI 102-06 and 07 (iv & v)

3.5 Scale of organisation

The organisation's manpower status was as shown in the table below for the year 2017 to 2020.



CAFCA is an equal opportunities employer who give no preference to men or women for any job vacancy. To date CAFCA employs 225 individuals on a permanent basis and engages contractors as and when required. The number of employees increased by 5 employees in FY 21 compared to FY 20.

The workforce is largely male dominated because of the nature of work done. Female employees who are about 8% are mostly in administrative functions. The four year apprenticeship program for the 4 apprentices in the Maintenance & Technical department will come to an end in the coming financial year with plans to engage replacement apprentice students to increase skill base. The organization also engages students on internship from various universities as a social responsibility action to assist students fulfil their work related learning requirements.

GRI 102- 07 to 08

4.0 Managing our risks

CAFCA continues to adopt various tools and techniques to ensure adequate risk management in all areas. Refer to "Corporate Governance" section of the Integrated Annual Report page 4 -8.

GRI 102- 18

4.1 Risk management system

Embedded within the business management systems, risk management is designed to effectively identify, assess and mitigate sustainably business risks. The Board of Directors and Audit committee identify, monitor and control risk management efficiency, review risk management strategies and reports. The Managing Director & the Executive team identify, manage and mitigate business operational risks. Operations Managers identify, evaluate, mitigate and report everyday risks. Employees implement the identified risk mitigation strategies. The organization yearly at the beginning of the financial year holds a Strategic Planning workshop to identify pertinent issues that have impact on the business and the organization. Current trends and the strategic direction of the organization are used as key information to assess the organization's strengths, weaknesses. The operating environment is also analyzed to look for any opportunities and threats.

See tables opposite for the identified major risks and opportunities as well as action plans.

4.2i CAFCA opportunities

ID	STRATEGIC ISSUE
O1	Opportunity to mitigate COVID delays, foreign currency shortages, border lock jams and supplier unreliability by carrying 85 Cat 'A" stocks at all times.
O2	Properly done root cause analysis prevents recurring problems and ensures operator or machine deficiencies are dealt with timeously. Reduces waste and ensures production targets are met.
O3	Our initiative to not send waste to the landfill requires timeous action at CAFCA to deal with accumulated and future waste.
O4	Crucible anodes that cannot go directly into the furnace need to be refined using our electro refining plant.
O5	We need Regulatory assistance with our strategy to fight smuggled imports, non-complaint cables and wrongfully issued import permits.
O6	The world is moving from copper conductor to aluminium because of the cost factor.
O7	DRC and Rwanda need resident agents appointed as a matter of urgency.
O8	CAFCA is accumulating more bedding rechip than it can utilise.
O9	Solar cabling demand is Zimbabwe and the region is growing.
O10	CAFCA is now certified to manufacture 22 KV cable which is used in DRC and Rwanda.
O11	Good management decisions come from accurate and timeous information.
O12	Banks are a significant partner in our business in terms of providing short term working capital, access to foreign currency and assisting in dealing with the central bank. A good working relationship starts with having an intimate knowledge of our business and us theirs which requires us to know all the personalities in every department.
O13	The Business Manual is an integral part of the CAFCA quality and management system. The efficiency of the system relies on users to be able to quickly access and reference the specific topic that is required.

4.2ii CAFCA risk

ID	STRATEGIC ISSUE
R1	Customers have an expectation that must be managed.
R2	New product procedure good but being implemented badl resulting in wasted cost due to trial and error.
R3	The used oil shed and oil spills are potential environment hazard.
R4	Mental health is becoming an increasing risk to the welfare of employees and hence the smooth running of CAFCA.
R5	The African Free Trade Agreement has the threat of bringing unfair competition before the country has put in place a competitive environment / level playing field to allow CAFCA to compete.
R6	COVID and General Health of the employees is a significant risk in trying to run an efficient factory
R7	Siemens have a history of every 5 years upgrading their software and declining to support the previous versions of the software.
R8	Engineering stocks are now a material amount in the balance sheet. An assessment must be made as to condition, serviceability and machine still in use to ensure value is realizable.
R9	ZESA power supply quality is deteriorating and power surges are now a significant risk to CAFC

GRI 102 -15

5.0 CAFCA's position on precautionary principle

The precautionary principle is mainly preventative, giving an organization the opportunity to go through a thought process of its perceived negative impacts on any sphere of its influence and adopting the necessary mitigatory measures to reduce or eliminate that impact. The organization took full responsibility of all its activities related to health and safety, environment, quality and energy management. It conducts comprehensive Environmental Aspect Assessments, Hazard Identification and Risk Assessments prior to starting of any because all potential risks to the environment and the people must be identified. Control measures are then put in place and implemented to eliminate or minimize the identified risks. The organization continues to implement Behavior Based Interventions (BBI) concept and applying it across all facets of the business. It is helping the organization to identify risk behaviors which can end up causing accidents and or waste.

GRI 102 -11

6.0 Membership

CAFCA continues to be a member of both statutory and voluntary organizations and no changes in this FY21. All compliance issues were met as per requirements. Physical attendance to the meetings and workshops were limited to virtual meetings to comply with the country laws on COVID-19 and COVID-19 protocols as per WHO guidelines.

GRI 102-13

7.0 Awards

Refer to “Milestones” section on page 3 of the Integrated Annual Report 2021.

8.0 Stakeholder engagement

Stakeholders remain an important component in CAFCA business to achieve its goals. Key stakeholders were identified through various engagements and their expectations and needs adequately captured. Procedures were put in place to have continuous engagements and evaluation of the extent to which their needs and expectations are met. The key stakeholders are employees, the shareholders, senior executives, investors, the community, government, banks, suppliers and customers.

GRI 102- 40 to 43

The table below is a summary of the key topics and/or concerns raised by various stakeholders and how the organization has responded to them.

CAFCA STAKEHOLDER CONCERNS

Stakeholder	Key topic raised	Concerns raised	CAFCA’s response	Status
Employees	Remuneration issues in a high inflation economy	Issues of remuneration continue to be topical as a result of inflation	Resolved with reference to our agreed economic model	Ongoing
Local banks	Foreign currency availability	Critical shortage of forex	Taking advantage of the auction system and lobbying with the banks	Ongoing
Employees	Threat of COVID-19	Unwillingness to get vaccinated	Awareness and education of all employees on benefits of being vaccinated	Ongoing
RBZ	Consignment stocks in outside Zimbabwe markets	Delays in CD1 acquittal	Reviewing of the procedures	Ongoing

GRI 102-44

9.0 Our economic performance

CAFCA ensures economic sustainability by delivering a strong financial performance which will ensure that the organization operates into the future. Since the organization has primary listing on the Zimbabwe Stock Exchange, it is legally required to disclose financial performance information to the public. CAFCA has religiously complied with this requirement since its listing on the bourse.

In line with the GRI Standards disclosure requirements, economic performance summary is provided below.

	2021 ZWL	2020 ZWL	2019 ZWL	2018 US$	2017 US$
Turnover	3 376 708 926	860 858 432	93 396 413	30 382 348	19 310 457
Domestic	3 030 837 119	747 389 936	86 057 140	25 486 922	18 256 550
Export	345 871 807	113 468 496	7 339 275	4 895 426	1 053 907
Profit before income tax	1 035 487 439	403 926 503	54 180 595	5 234 021	1 226 227
Profit attributable to shareholders	762 376 299	304 348 712	41 267 443	3 859 431	726 213
Capital expenditure	0	206 170	1 599 945	88 209	376 455
Shareholders equity	1 203 815 502	381 478 397	55 598 369	16 097 337	15 458 801
Payments to government (income tax)	300 058 790	43 814 859	11 447 498	1 369 640	328 410

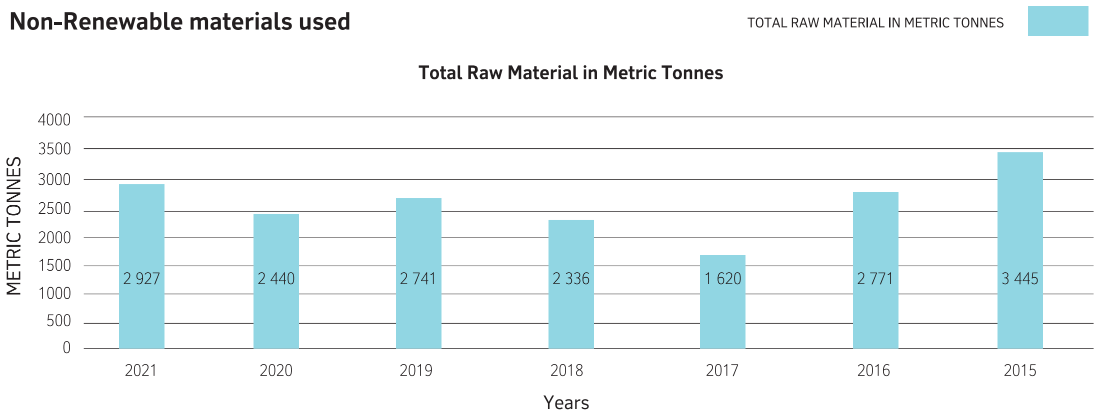
For more information, refer to the following Integrated Annual Report 2021 sections:
"Statement of Financial Position" section on page 16
"Consolidated statement of comprehensive income" section on page 17
"Consolidated statement of changes in equity" section on page 18
"Consolidated statement of cash flows" section on page 19
"Ratios and statistics" section on page 46

GRI 201-1

10.0 Our environmental performance

CAFCA has an obligation in its small way to keep the universe clean, slow down global warming and leave a legacy for future enerations. Successful implementation of initiatives like "0kg of waste to landfill and stop waste generation at source" were as a result of this social esponsibility. These are additional efforts on top of maintenance of ISO 14001:2015

10.1 Materials
Non-Renewable materials used



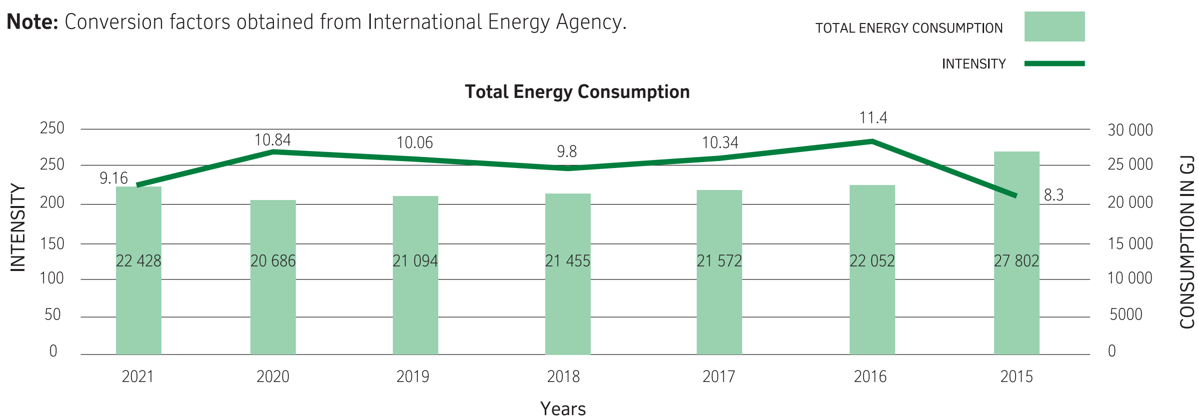
Nonrenewable raw materials used by CAFCA consist of copper (virgin or recycled), aluminum and plastics. Raw material consumption increased by 20% in FY 21 compared to FY 20. The organization continue to depend on redundant copper in its processes as this is locally available and requires no foreign currency. However was a 19% decrease in the amount of redundant copper used in FY 21 compared to FY 20 because of depleting reserves. The situation forced the organization to resort to importing readymade 8mm copper rod and copper cathode and increased virgin copper requirements by 25%. Aluminum consumption also increased by 24% in FY 21 compared to FY 20. The increase in the raw materials is mainly as a result in the changes of the business model as well as to meet customer requirements and expectations.

GRI 301-1 & 2

9.0 Energy- non-renewable fuel consumptions

CAFCAs processes are energy intensive and electricity is the major energy source at 92% of all energy requirements. Other energy sources are LPG, diesel and petrol.

Note: Conversion factors obtained from International Energy Agency.



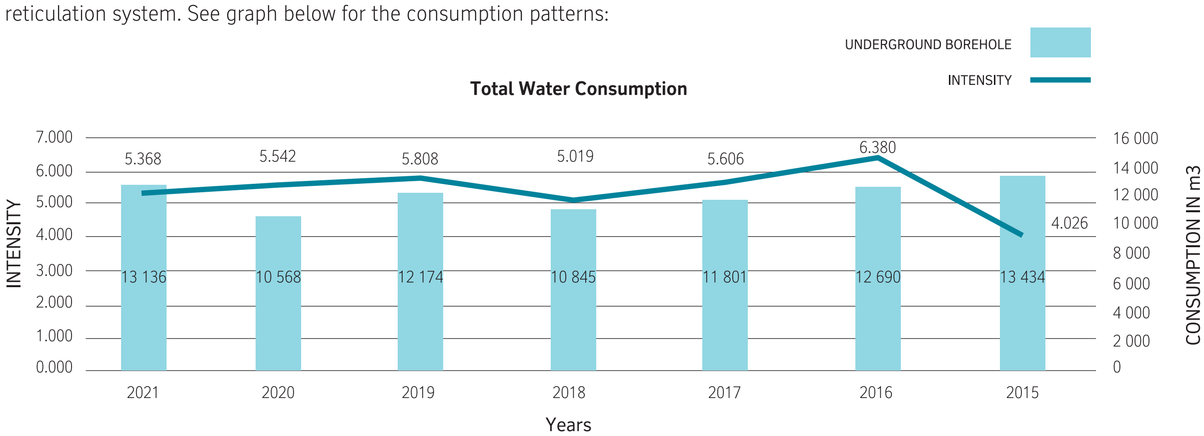
The total energy intensity decreased by 15% compared to the last reporting period. During this reporting period production output increased by 28% and used only 8% more energy compared to the last reporting period. This explains a more efficient production process. Higher efficiency was as result of using more copper cathode by 597 tons in FY 21 than in FY 20. Processing copper cathode more efficient as the copper passes through the furnace once whereas redundant copper passes through the furnace twice. More over the furnace is the biggest energy consumer at 25% of the whole facility energy consumption.

Since energy intensity is a ratio of tons of cable produced per unit energy consumed, opportunities for improvement for this reporting period focused mainly on improving Production processes to improve efficiency and realize more savings. However the main challenge continues to be aged plant and equipment which requires superior maintenance tools and techniques to reduce energy consumption.

GRI 302-2 , GRI 302-3, GRI 302-4

10.3 Water

CAFCA operations also require water for some production processes cooling apart from human activities such as cooking and the ablution. 2 underground boreholes meet CAFCA's water requirements operating at 1.2m3/hr and 4.2m3/hr. Production processes which use water for cooling are extrusion, casting process at the furnace and wire drawing processes. All these have a closed loop water reticulation system. See graph below for the consumption patterns:



Water intensity improved by 3% from 5.5 to 5.3 in FY21 as compared to FY20. The intensity improved as a result of the replacement of aged galvanized pipes which were replaced with PVC pipes which eliminated water leaks.

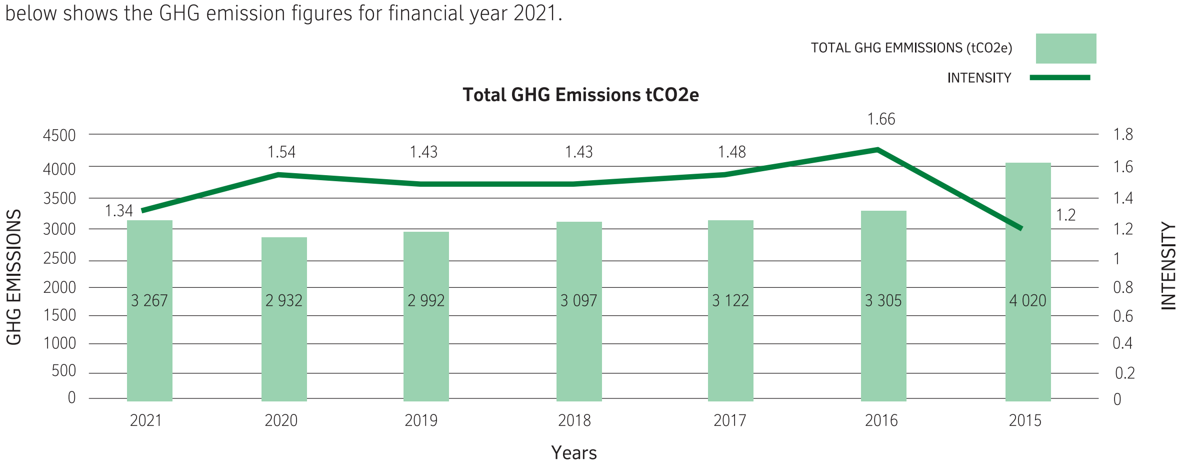
GRI 303-1, GRI 303-3

10.4 Emissions

As previously reported, CAFCA has an obligation in its small way to keep the universe clean, slow down global warming and leave a legacy for future generations.

The organization monitors Green House Gases (GHG) emissions. These are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and Sulphur hexafluoride. Reporting on these was organized in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting 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.

Energy sources at CAFCA that produce direct emissions are liquefied petroleum gas (LPG), diesel, petrol, acetylene, charcoal and emissions from copper smelting and extrusion processes. Indirect emissions (indirect) at CAFCA come from the use of purchased grid electricity. CAFCA uses the carbon footprint data to track its facilities' GHG emissions and to identify opportunities to cut pollution, minimize wasted energy, and save money. What can be measured can be improved. Emission factors used to calculate carbon dioxide equivalent emissions were derived from the Department of Environment Food and Rural Affairs (DEFRA), United Kingdom. The graph below shows the GHG emission figures for financial year 2021.



There were a total of 3 267 tons of CO2 equivalent (tCO2e) in FY21. This is an 11% increase from 2 932 (tCO2e) in FY20. Purchased grid electricity contributed to 95% of the total greenhouse gas emissions (GHG) in the year under review. Electricity consumption increased by 15% in FY21 as compared to FY20.

The overall GHG intensity decreased from 1.54 tCO2e per metal tonne in FY20 to 1.34 tCO2e per metal ton in FY21. This a 15% decrease and more efficient. Higher efficiency was as result of using more copper cathode by 597 tons in FY 21 than in FY 20. Processing copper cathode more efficient as the copper passes through the furnace once whereas redundant copper passes through the furnace twice. More over the furnace is the biggest energy consumer at 25% of the whole facility energy consumption

10.4.1 Air quality monitoring

CAFCA monitors its emissions every quarter through an independent Consultant. Emissions are measured as per S.I 72. Licensing is from the Environmental Management Agency which is renewed annually, and the licences that were applied for in 2021 were within the permissible ranges as listed below:

Air emission source	License band
Furnace (Copper smelting)	Blue
BM 80 1 (Extrusion machine)	Blue
BM 80 11 (Extrusion machine)	Blue
DS130 (Extrusion machine)	Blue
Burn out oven (Incinerator)	Blue
Standby Generator	Green

GRI 305-01

10.5 Waste

The organization since November 2019 sent zero kgs of waste to the landfills which is one of CAFCA responsibilities of environmental stewardship. This meant an active waste segregation system on site to ensure that wastes are put into their respective categories to enable effective recycling, reuse or recovery. Methods such as composting, selling for reuse, and milling for recycling in our processes have been used to manage the waste generated on site. The organization is now focusing on reducing the amounts of wastes produced at source in the various processes. The table below shows the amounts of waste disposed of through various consumers.

10.5.1 Hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
2021		
Solid waste	0	No waste sent to the landfill
Electrical waste	0	
2020		
Solid waste	10	Implement QIP to eliminate waste sent to landfills
Electrical waste	0	Implement QIP to eliminate waste
2019		
Solid waste	35.2	Implement QIP to eliminate waste sent to landfills
Electrical waste	2	Implement QIP to eliminate waste sent to landfills
2018		
Solid waste	65	Landfill
Electrical waste	0	Landfill
2017		
Solid waste	25	Landfill
Electrical waste	0	Landfill
2016		
Solid waste	105	Landfill
Electrical waste	8	Landfill
2016		
Solid waste	115	Landfill
Electrical waste	1	Landfill

10.5.2 Non-hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
2021		
General waste	0	
* Plastic waste	5.83	Recycling by third parties
* Paper waste	0	Recycling by third parties
2020		
General waste	9	Implement QIP to eliminate waste sent to landfills resulting in reduction
* Plastic waste	4.88	Recycling by third parties
* Paper waste	0.732	Recycling by third parties
2019		
General waste	103.8	Implement QIP to eliminate waste sent to landfills
* Plastic waste	7.4	Recycling by third parties
* Paper waste	0	Recycling by third parties
2018		
General waste	190	Landfill
* Plastic waste	7	Recycling by third parties
* Paper waste	1	Recycling by third parties
2017		
General waste	326	Landfill
* Plastic waste	25	Recycling by third parties
* Paper waste	0	Recycling by third parties
2016		
General waste	251	Landfill
* Plastic waste	12	Recycling by third parties
* Paper waste	0.6	Recycling by third parties
2015		
General waste	429	Landfill
* Plastic waste	3	Recycling by third parties

GRI 306-2

10.5.3 Significant spills

During the reporting period there were no significant spills.

GRI 306-3

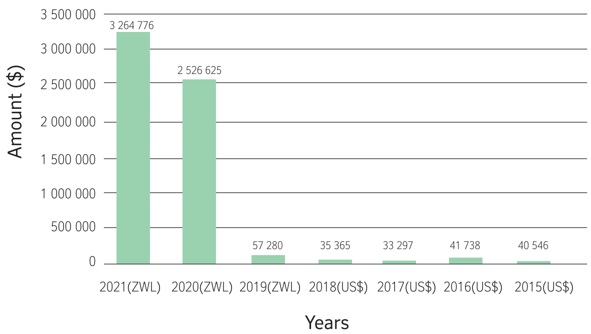
10.6 Environmental Compliance

CAFCA complies with the national legal framework and subscribes to Optima Legal software and government gazettes for updates on all applicable environmental laws and regulations. The organization did not receive any fines and/or sanctions for non-compliance with environmental laws and regulations during the reporting period. The organization shall continue to use its internal business management systems to comply with legal obligations.

GRI 307-1

10.7 Environmental management expenses

Total Expenditure Environmental Management



Environmental management expenses increased by 30% from the previous reporting period. The increase is due to the high inflational environment.

10.8 CAFCA'S contribution to Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the 'Global Goals', lay out a roadmap to end poverty, reduce inequality, and tackle climate change, among other ambitions. CAFCA as a manufacturing company takes the opportunity for the private sector to demonstrate the role it plays in sustainable development by contributing in the following SDGs

SDG	THEME	CAFCA'S CONTRIBUTION
1 NO POVERTY	End poverty in all its forms everywhere	• Creating employment opportunities for everyone without excluding against gender or race • Creation of employment through recovery of redundant copper
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation	• Provision of clean water to all its employees which is regularly monitored • Monitoring of ground water contamination quarterly
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	• Implementation of ISO 50001 to reduce energy consumption • Supplying cables regionally for the transmission of electricity which is a clean source of energy
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	• Implementation of energy management opportunities for improvement under ISO 50001 and become more efficient
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	• GHG emissions tracking • Commitment to energy intensity by 5% annually against baseline • Water saving initiatives to facilitate climate adaptation

11 Our social performance

11.1 Our people

CAFCA limited remains committed to the welfare of its employees. Employees are fully represented in various platforms for feedback to get to management and vice versa. These platforms include the Works Council, Health & Safety sub-committee, Business Excellence team meetings, and Management briefings. All employees and contractors are represented in the monthly health and safety subcommittee meetings that address issues of health and safety.

The workforce increased by a total of 5 people. The organization provides equal opportunities, without discriminating against gender, race, physical ability or HIV/AIDS status. Employees' contributions are valued and the organization commits to treating them with respect, fairness and professionally.

CAFCA employees are covered by Collective Bargaining Agreements as the organization recognizes employees' right to freedom of association and collective bargaining. The organization also has a sound Pension Fund to cater for the welfare of its employees even after retirement.

Training needs are identified and planned for annually.

GRI 402-1 to GRI 407-1

GRI 201-3

11.2 New employee hires by gender

Year	Category	Male	Female	Total	% rate of new female to total new hires
2021	New hires	33	3	36	8
2020	New hires	36	3	39	8
2019	New hires	34	9	43	21
2018	New hires	50	4	54	7
2017	New hires	23	2	25	8
2016	New hires	14	3	17	18
2015	New hires	47	8	55	15

11.3 New hires by age group

Year	18-20	21-30	31-40	41-50	51-63
2021	1	29	5	0	1
% rate	3	81	14	0	3
2020	1	25	7	6	0
% rate	3	18	15	15	0
2019	1	29	8	5	0
% rate	2	67	19	12	0
2018	0	45	8	1	0
% rate	0	83	15	2	0
2017	1	18	2	3	1
% rate	4	72	8	12	4
2016	2	15	0	0	0
% rate	12	88	0	0	0
2015	3	43	5	3	1
% rate	5	78	9	5	2

11.4 Employee turnover by gender

Year	Category	Male	Female	Total	% rate of female to total employee turnover
2021	Turnover	24	4	28	17
2020	Turnover	14	6	20	30
2019	Turnover	21	7	28	25
2018	Turnover	23	3	26	12
2017	Turnover	22	3	25	12
2016	Turnover	28	3	31	10
2015	Turnover	20	5	25	20

11.5 Employee turnover by age group

Year	18-20	21-30	31-40	41-50	51-63
2021	0	0	0	0	0
% rate	0	0	0	0	0
2020	0	15	3	1	1
% rate	0	75	15	5	5
2019	0	15	9	2	2
% rate	0	54	32	7	7
2018	0	20	5	1	0
% rate	0	77	19	4	0
2017	1	13	9	2	0
% rate	4	52	36	8	0
2016	0	22	4	4	1
% rate	0	71	13	13	3
2015	0	19	2	3	1
% rate	0	76	8	12	4

GRI 307-1

11.6 Health and safety performance

11.6.1 Covid 19 pandemic response

The new world order which is being dictated by the COVID-19 pandemic resulted in a series of lockdowns pronounced by the government. This also demanded from CAFCA management to craft new ways of doing things to enable business continuity. As at 31 September 2021 the organization recorded 16 confirmed cases of COVID 19, all of which were successfully managed through the appropriate healthy delivery channels. A rigorous vaccination program for all employees started in July and as at end of September 2021 herd immunity of 80% was reached. The organization continues to improve on preventative measures as well as embracing best practices as guided by WHO.

The following continue to be implemented and strictly monitored to curb the spread of the virus:

a) Improved hygiene standards on site by regular sanitization of high traffic workspaces, as well as providing hand sanitizers at strategic locations within the premises.
b) Provision of face masks to the entire workforce.
c) Awareness training to the entire workforce being guided by the WHO Guidelines.
d) Access to a medical facility for the workforce who exhibited any COVID 19 symptoms or tested positive.
e) Social distancing at all stations with potential of crowding
f) Temperature screening before entrance at the gatehouse
g) Blitz on non-complying individuals.

11.5.2 Employees health and safety

During the year under review there was an increase in the number of accidents from 9 in FY 20 to 15 in FY 21. Behavioral issues and not following procedures were the contributing factors to accidents. The organization continues to implement the behavior based intervention system and enforcing procedures to eliminate accidents.

Number of work related accidents at CAFCA

Performance indicator	2021	2020	2019	2018	2017	2016	2015
Injuries	15	9	4	15	8	4	13
Fatalities	1	0	0	0	0	0	0
Contractor related injuries	4	1	2	3	3	0	1
CAFCA injuries	11	8	2	12	5	4	12
Lost time injuries	11	5	2	8	5	3	10
First aid injuries	4	4	2	8	5	1	3
Total number of accidents	15	9	4	15	8	4	13
Lost man-days due to injuries	121	68	66	79	30	17	51

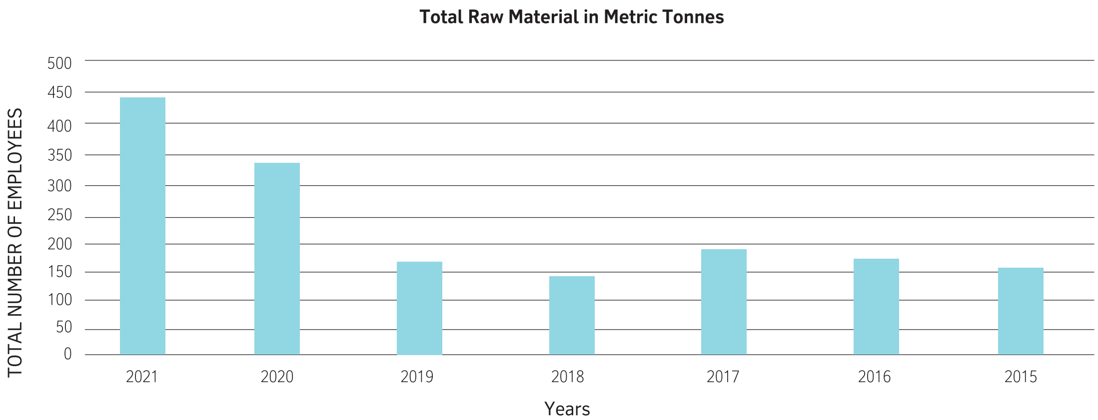
GRI 401-3

11.6 Occupational health surveillance

CAFCA annually assesses and tracks its employees for certain medical issues. No anomalies were recorded during the assessments in 2021.The following are the assessments done:

a) Audiometric
b) Pneumoconiosis
c) Sight screening
d) Thermal heat assessment

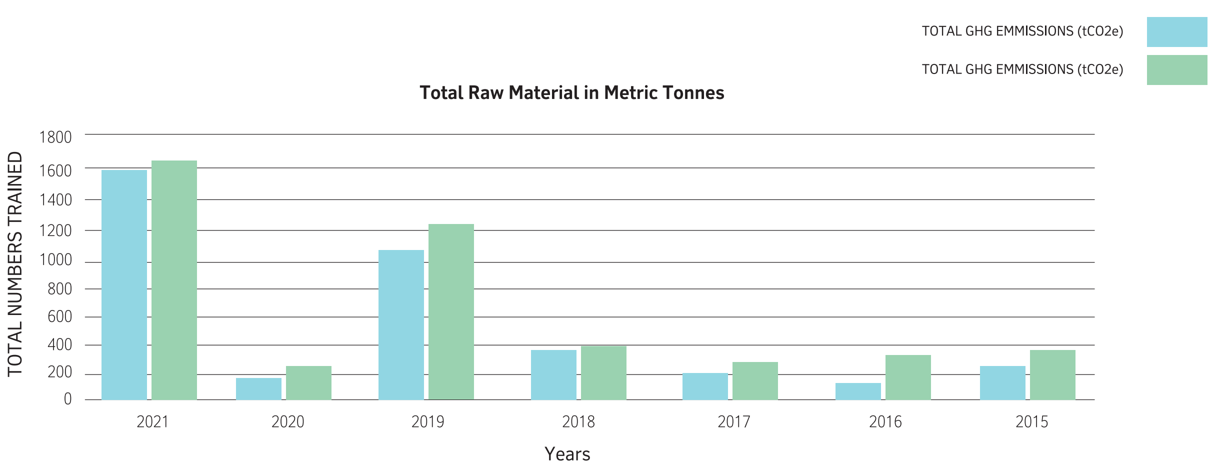
GRI 403-3



11.7 Training & Education

The training statistics for 2015-2021 are shown in tables below.

	2021	2020	2019	2018	2017	2016	2015
Number of employees trained	1592	163	1057	361	196	118	276
Number of man days trained	1648	251	1250	400	270	342	367
% Female	6	3	4	7	7	15	10
% Male	94	97	96	93	93	85	90



GRI 404

SUSTAINABILITY REPORT

This document meets the criteria of being in accordance with the GRI Standards for sustainability reporting on the core level.

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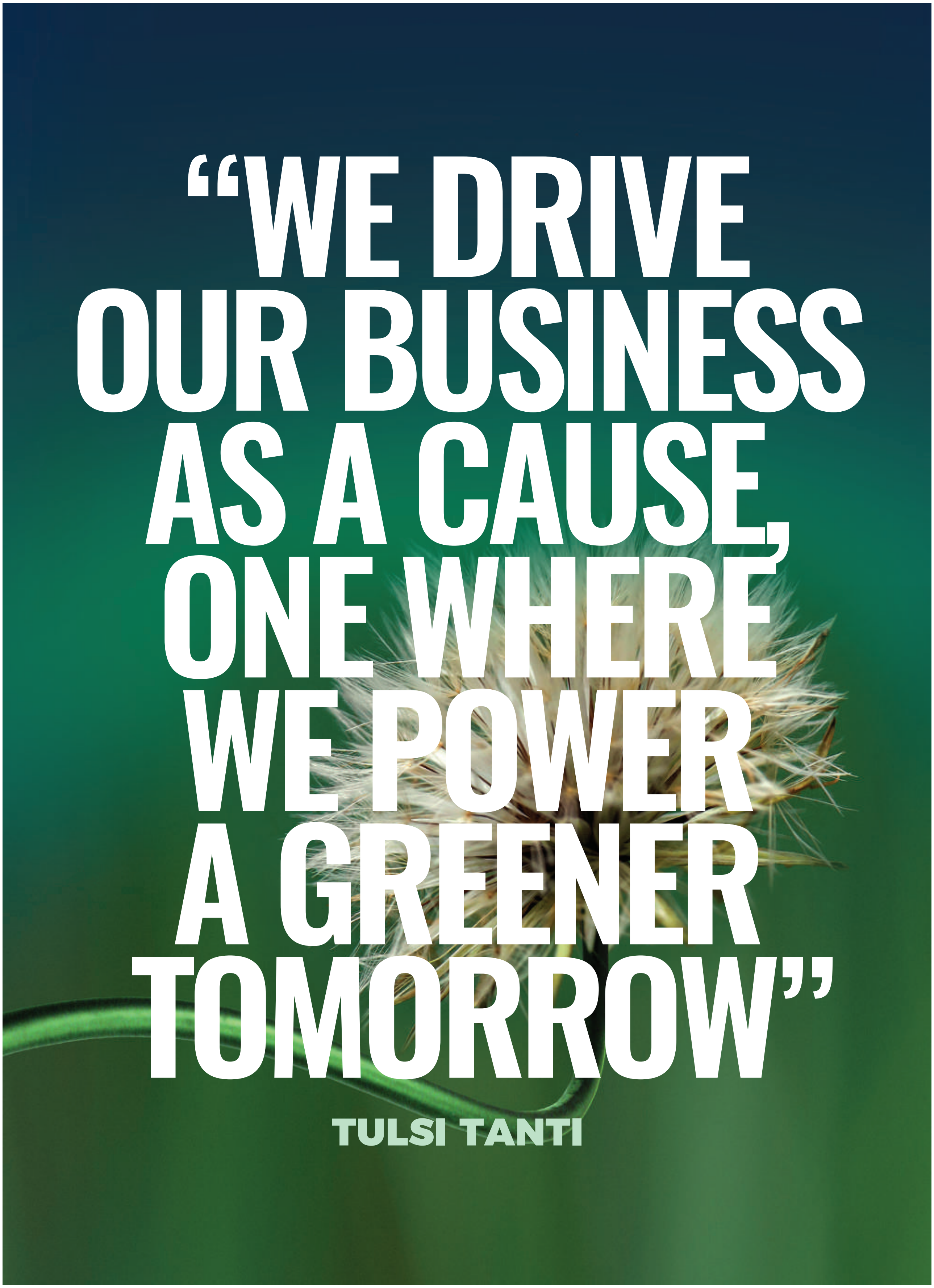
"WE DRIVE
OUR BUSINESS
AS A CAUSE,
ONE WHERE
WE POWER
A GREENER
TOMORROW"
TULSI TANTI