2020 INTEGRATED ANNUAL REPORT

RE-ADDRESSING SUSTAINABILITY

CAFCA
CABLES

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This Integrated Annual Report covers the financial year from 1 October 2019 to 30 September 2020.

The reporting period is annual with the last report having been published in January 2019.

The financial statements are presented in Zimbabwe dollars ("ZWL").

CORPORATE INFORMATION

CAFCA Limited ("CAFCA" or the "Company") is quoted on the Zimbabwe Stock Exchange with a secondary listing on the Johannesburg Stock Exchange. Established in 1947, CAFCA is part of Reunert Electrical Engineering (Propriety) Limited incorporated in South Africa, which in turn is owned by Reunert Limited also incorporated in South Africa. It has been at the forefront of the cable industry in the region for more than 60 years, supplying large volumes of cable to power and telecommunication utilities as well as the mining, agricultural and industrial sectors.

DIRECTORATE AND ADMINISTRATION

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

Secretary
C. Kangara

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

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 Limited

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 2020 ZWL	Historical 2020 ZWL
Revenue	1,629,388,291	860,858,432
Operating profit	747,296,601	421,560,358
Profit before income tax	466,671,817	408,707,230
Profit for the year	466,717,822	317,807,337
Earnings per share (cents)	1,402.33	954.91
Market price per share (cents)	6,100	6,100

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 2020.

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 33 281 500 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 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 2020 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 E.T.Z. Chidzonga, Mr T.A. Taylor 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 4.

Auditors

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

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
P. W. de Villiers	4	4
A. Mabena	4	4
S.E. Mangwengwende	4	3
G.J.H. Steyn	4	2
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	-	477 320
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	-

DIRECTORS

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.

PIETER WOUTER DE VILLIERS
Non-executive director. B. Eng. (Electronic) University of Pretoria B.Comm. University of South Africa.
Appointed to the board on 19 February 2015

Pieter joined CBI Electric African Cables in 2000 as Production Manager. He is currently the Technical Director of that company. Before joining CBI, Pieter worked for USKO Limited and Morris Material Handling.

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 leader-ship 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

CAFCA responded quickly to the COVID-19 threat introducing WHO recommended protocols immediately and moving to a 24 hour shift cover that conformed with Government's working requirements and minimised the risk of exposure and spread of the virus. Transport arrangements and statutory approvals were put in place to ensure production did not stop.

Volumes year on year were maintained with the drop in local demand being picked up in the export market. Exports increased year on year 77% in volume terms.

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

Turnover, profit after tax and earnings per share in inflation adjusted terms showed acceptable growth of 24%, 96% and 95% respectively.

Sustainability

Sustainability is the capacity of an entity to endure and maintain processes or a situation over time. Businesses want to meet needs of the present without compromising the ability of future generations to meet theirs. Businesses maintain a balance between economic, social and environmental issues also known informally as profits, people, and planet. Since 2015, CAFCA Limited has embedded sustainability into its business strategy and achieved tremendous success from it.

Sustainability brought improved returns on capital from reduced operating costs. Improved natural-resource management like efficient energy use and waste minimisation were the key elements in the cost reduction. Costs were also driven down by systematically managing value chains, improving employee retention and motivation and achieving higher market share with existing sustainable products. The Board of directors commends the improved operational efficiencies brought by sustainability and continuously supports the Executive Management Team in their efforts.

Due to environmental challenges such as uncontrolled fires, ground water pollution and many others which are associated with landfills, CAFCA Limited successfully implemented initiatives to eliminate waste sent to the landfill. We have moved to a cradle to cradle system, where materials and wastes are treated as nutrients in a system and should be adsorbed not thrown away. The system identified all waste streams and waste is either used as an energy source, recycled or reused. The organisation has a symbiotic relationship with other companies and individuals who use its waste and scrap material creating a system of generation to generation instead of 'birth to death' (cradle to grave). Biodegradable wastes are composted and sent back in the natural system. Since December 2019 the organisation proudly reports that zero waste was sent to the landfill. My wish is for all organisations to take the same route in their day to day business activities and guarantee the future for our children.

CAFCA Limited successfully transitioned to Occupational Health and Safety (ISO 45001: 2018) from OHSAS 18001:2007 and also maintained certification to Quality (ISO 9001:2015), Environment (ISO 14001: 2015) and Energy (ISO 50001: 2011) management systems.

CAFCA Limited cables are manufactured to international standards specifications and the organisation maintained its product mark certification to Standards Association of Zimbabwe and South African Bureau of Standards requirements. Through effective waste management strategies and other energy efficiency initiatives we achieved a 4% saving on energy consumption and a major reduction in greenhouse gas emissions. We are playing a big role in sustainable development by recovering redundant copper which is our major raw material and recycling it. Nine accidents and zero fatalities were recorded in the financial year 2020. A peer to peer on Behavior Based intervention (Sungano) has been emphasised targeting zero harm at the work place. Our Board of Directors remain concerned about the COVID-19 pandemic. There is only one confirmed positive case and no fatalities recorded since the onset of the pandemic. The organisation persistently enforces all measures put in place to prevent the spread of the deadly virus.

Dividend

The Board acknowledges the last few months' stability in the exchange rate and induced inflation but believe it would be prudent to see the sustainability of the current policy first before considering any dividend.

Accordingly the declaration of a dividend has been waived to retain the cash for future working capital demands. The cash on hand was being held to finance commitments on the auction system that had not yet been made available.

The share price opened the year on 160 cents and closed the year on 6 100 cents.

Outlook

CAFCA has adopted strategies to mitigate the threat of COVID-19, hyperinflation and the downturn in the local economy. Provided there are no major material changes in the current environment the Board is confident that CAFCA will show growth in volumes in the coming year.

Thanks

CAFCA remains committed to serving its customers and in return we thank them for their support and custom.

Our suppliers and service providers are treated as partners in our business and we also thank them for their support.

We are grateful to the majority shareholder who supports us in many ways and thank them for their assistance during the year.

We also would like to thank Government and in particular Ministry of Industry and Commerce for their strategic support for local industry.

Last but by no means least a big thank you to my fellow Board of Directors, management and staff for contributing to a good set of results in a very difficult environment.

H P MKUSHI
BOARD CHAIRMAN

MANAGING DIRECTOR'S REPORT

Operations

We increased our numbers employed from 211 to 220 to cover 2 strategic areas - the processing of scrap into anodes and the outsource of artisans to in house to guarantee quality and continuity.

We have had to adapt our 24 hour shifts system during the year to cater for the various COVID 19 restrictions but production has been maintained and in some months exceeded our 140 tonne a month model.

No investment was made in the plant in the current year with all foreign currency resources channelled towards raw materials. The plant can comfortably cope with the current 140 tonne a month model with capacity and reliability up to 250 tonnes a month available.

Financial Results

The 140 tonne a month model in a stable US$ environment would at best yield a pre-tax profit of 10% of turnover. In historical cost terms we achieved 47% profit before tax to turnover and in inflation adjusted terms 31% - these superior yields arose from the strategy to hold good finished goods stocks as a hedge against hyperinflation, to retain US$ assets and ensure zero US$ liabilities.

The statement of Financial Position reflects this strategy with inventories at cost being 76% of this year's hyperinflation turnover.

CAFCA does not sit on ZWL cash so any funds on hand were already committed on the foreign exchange auction system.

CAFCA had no foreign liabilities and local supplier liabilities would mainly have been customer deposits for cable.

Future

We are confident that our strategies mitigate the risks associated with COVID-19, hyperinflation, foreign currency stability and availability. We believe if the current environment does not change significantly then we should be able to deliver growth in volumes in 2021.

R N WEBSTER
MANAGING DIRECTOR

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 2020 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 effect of changes in foreign exchange rates.

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 Administra-tors, 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	R. N. WEBSTER
CHAIRMAN	MANAGING DIRECTOR
HARARE, ZIMBABWE	HARARE, ZIMBABWE
5 NOVEMBER 2020	5 NOVEMBER 2020

Independent auditor's report

To the Shareholders of CAFCA Limited

Our adverse opinion

In our opinion, because of the significance of the matter 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 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

What we have audited CAFCA Limited s financial statements set out on pages 16 to 49 comprise:

- the statement of financial position as at 30 September 2020;
- 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

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts (FCAs) into two categories, Nostro FCAs and the Real Time Gross Settlement (RTGS FCA). The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe s multi-currency economy at the time. The RTGS FCA, mobile money, bond notes and coins would be held at the same value as the US$.

As described in note 2.1.1 of the financial statements, during the prior financial year until 22 February 2019, the Company transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard 21 - *The Effects of changes in foreign exchange rates* ("IAS 21"), these payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Group and Company at appropriate exchange rates. However, in order to comply with the legislation as described in note 2.1.1 to the financial statements, the RTGS transactions and balances in the financial statements for the prior financial year, are reflected at parity with the US$. The Company, as described in note 2.1.1, changed its functional currency on 22 February 2019 to comply with legislation, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018.

In addition, during the current period foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank rate which is not considered an appropriate spot rate for translation as required by IAS 21.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying financial statements would have been materially restated. It was not practicable to quantify the financial effects on the financial statements.

As described in note 4(a) to the financial statements, the Public Accountants and Auditors Board issued a pronouncement that required companies to apply the requirements of IAS 29 - *Financial Reporting in Hyperinflationary Economies* (IAS 29) in the preparation and presentation of its financial statements for financial periods ending on or after 1 July 2019.The misstatements described in the paragraph above affect the historical amounts which enter into 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, many elements in the accompanying financial statements would have been materially restated. It was not practicable to quantify the financial effects on the financial statements.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 23,043,000 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 23,043,000.
How we determined it	5% of inflation adjusted profit before income tax.
Rationale for the materiality benchmark applied	We chose 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. *The inflation adjusted profit before income tax was used as the Company has applied IAS 29 in the preparation and presentation of its financial statements, and is the benchmark against which the performance of the company will be measured by users.* 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 period. 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 matter described in the Basis for adverse opinion section, we determined the matter described below to be a 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 2020, the Company recognised trade receivables of ZWL 72,907,872 after deducting impairment losses of ZWL 3,291,257. The Company applied IFRS 9 - Financial Instruments ("IFRS 9") in determining the expected credit losses ("ECL") to be recognised in respect of trade receivables. The Company applied the simplified approach under IFRS 9 in the measurement of ECL. Under this approach, a credit loss allowance equal to the lifetime ECL is recognised at reporting date. In determining the ECL on trade receivables, management applied a provision matrix where trade receivablesare stratified into groups with similar risk characteristics. The ECL rates assigned to each group of trade receivables are based on historical 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 significant judgements and estimation used by management in the determination of ECL are disclosed in note 3.1 (b) and note 4 (e) to the financial statements. The ECL allowance on trade receivables was considered to be a matter of most significance to our audit due to: • the significant judgement and estimation applied by management in determining the ECL; and • the effect that the ECL has on the measurement of trade receivables and the Company's credit risk management. Information relating to this key audit matter is disclosed in: • Note 2, Financial instruments; • Note 2.9, accounting policies for trade and other receivables • Note 3.1.(b), credit risk; • Note 4(e), Critical accounting estimates and assumptions -Impairment of trade receivables; 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 work performed, 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 terms met the Sole Payment of Principal and Interest ("SPPI") test, as well as the hold to collect requirement. In doing so, and on a sample basis, we inspected invoices in order 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 against the requirements of IFRS 9. Based on our work performed, we accepted management's policies. We obtained an understanding of the relevant controls relating to trade receivables and considered the following in testing the controls: • the processes over credit approval for trade receivables; • the monitoring process of the trade receivables, including the monthly debtors assessment meetings; and • the approval framework for write-offs. We obtained an understanding of the payment terms offered by the Company through inquiry with management and inspection of the agreed contractual terms offered to a sample of customers, and noted that the credit terms were short term. Based on the results of our assessments, we accepted the appropriateness of management's use of the simplified approach in the measurement of ECL. 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 in arrears, 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 in the respective countries. Based on our evaluation, we accepted the adjustment applied; and • We recomputed the ECL to test the mathematical accuracy of management's expected credit loss calculation. Immaterial differences were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"CAFCA Limited Integrated Annual Report 2020"*. 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.

Independent auditor’s report

Other information (continued)

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 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29. We have concluded that the other information is materially misstated for the same reason, 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 the requirements of 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 to 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

16 November 2020
Harare, Zimbabwe

Statement of financial position

As at 30 September 2020

	Notes	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	6	103 703 508	118 043 249	3 763 552	4 119 488
Deffered tax asset	12	-	-	4 307 067	-
Total non-current assets		103 703 508	118 043 249	8 070 619	4 119 488
Current assets					
Inventories	7	1 181 400 926	721 574 271	354 113 375	41 080 634
Trade and other receivables	9	116 084 973	92 826 352	114 954 976	11 812 979
Cash and cash equivalents	10	172 043 312	110 325 993	172 043 312	14 528 403
		1 469 529 211	924 726 617	641 111 662	67 422 016
Total assets		1 573 232 720	1 042 769 865	649 182 281	71 541 504
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the parent					
Share capital	11.2	11 397	11 391	333	331
Share premium	11.2	13 151 864	10 756 410	1 291 321	332 323
Share option reserve	11.3	28 845 290	8 244 915	21 002 626	402 251
Retained earnings		1 245 476 455	778 758 633	372 670 801	54 863 463
Total equity		1 287 485 007	797 771 350	394 965 081	55 598 368
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	12	31 530 512	127 222 389	-	433 656
Current liabilities					
Trade and other payables	13	64 211 739	60 291 916	64 211 739	7 939 608
Provisions for other liabilities and charges	14	46 828 475	21 426 243	46 828 475	2 821 539
Current income tax liability	8	53 597 124	13 669 753	53 597 124	1 800 117
Borrowings	17	89 579 862	22 388 213	89 579 862	2 948 215
		254 217 201	117 776 125	254 217 200	15 509 479
Total liabilities		285 747 713	244 998 513	254 217 200	15 943 135
Total equity and liabilities		1 573 232 720	1 042 769 865	649 182 281	71 541 504

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 5 November 2020 and signed on its behalf by:

P Mkushi
Chairman

R.N Webster
Managing Director

Statement of comprehensive income

For the year ended 30 September 2020

	Notes	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
Revenue	16	1 629 388 291	1 314 175 370	860 858 432	93 396 413
Cost of sales	18	(695 952 533)	(640 013 229)	(352 400 783)	(34 298 688)
Gross profit		933 435 758	674 162 141	508 457 649	59 097 725
Distribution costs	18	(6 830 816)	(3 881 586)	(3 028 437)	(147 223)
Administrative expenses	18	(348 375 471)	(178 945 786)	(196 351 555)	(16 122 237)
Other income	19	168 758 826	93 755 539	115 214 851	11 540 569
Allowance for impairment	9	(798 398)	(1 231 891)	(2 958 154)	(162 223)
Other gains/(losses)	20	1 106 703	(1 024 618)	226 004	(16 230)
Operating profit		747 296 601	582 833 799	421 560 358	54 190 381
Finance cost	21	(21 270 466)	(190 757)	(12 859 646)	(10 186)
Finance income	21	13 555	7 495	6 518	400
Monetary loss		(259 367 874)	(102 455 445)	-	-
Profit before income tax		466 671 817	480 195 092	408 707 230	54 180 595
Income tax credit/(expense)	22	46 005	(205 493 389)	(90 899 893)	(12 913 152)
Profit for the year		466 717 822	274 701 704	317 807 337	41 267 443
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		466 717 822	274 701 704	317 807 337	41 267 443
Attributable to:					
- Owners of CAFCA Limited		466 717 822	274 701 704	317 807 337	41 267 443
- Non-controlling interests		-	-	-	-
		466 717 822	274 701 704	317 807 337	41 267 443
		Cents	**Cents**	**Cents**	**Cents**
Basic earnings per share	**23.1**	1 402.33	828.81	954.91	124.51
Diluted earnings per share	**23.2**	1 373.14	808.21	951.83	123.34

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 2020

	Notes	Share capital ZWL	Share premium ZWL	Share option reserve ZWL	Retained earnings ZWL	Total ZWL
INFLATION ADJUSTED						
Year ended 30 September 2019						
Balance as at 1 October 2018		11 391	8 762 525	6 660 458	547 701 670	563 136 044
IFRS 9 adjustment		-	-	-	(738 878)	(738 878)
Total comprehensive income for the year		-	-	-	274 701 704	274 701 704
Profit for the year		-	-	-	274 701 704	274 701 704
Restatement of owners equity on application of IAS 29		-	-	-	-	-
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners:						
Issue of shares		-	546 420	-	-	546 420
Share options	11	-	1 447 465	1 584 457	-	3 031 921
Dividends declared and paid	15	-	-	-	(42 905 863)	(42 905 863)
Balance as at 30 September 2019		11 391	10 756 410	8 244 915	778 758 633	797 771 349
Year ended 30 September 2020						
Balance as at 1 October 2019		11 391	10 756 410	8 244 915	778 758 633	797 771 349
Total comprehensive income for the year		-	-	-	466 717 822	466 717 822
Profit for the year		-	-	-	466 717 822	466 717 822
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners:						
Issue of shares	11	-	138 283	-	-	138 283
Share options	11	6	2 257 171	20 600 375	-	22 857 552
Balance as at 30 September 2020		11 397	13 151 864	28 845 290	1 245 476 455	1 287 485 006
HISTORICAL						
Balance as at 1 October 2018		331	254 701	193 600	15 648 706	16 097 338
IFRS 9 Restatement		-	-	-	(21 447)	(21 447)
Total comprehensive income for the year		-	-	-	41 267 443	41 267 443
Profit for the year		-	-	-	41 267 443	41 267 443
Transactions with owners in		-	-	-	-	-
Other comprehensive income for the year		-	-	-	-	-
Transactions with owners in their capacity as owners:						
Issue of shares	11	-	21 250	-	-	21 250
Share options	11	-	56 372	208 651	-	265 023
Dividend declared and paid		-	-	-	(2 031 238)	(2 031 238)
Balance as at 30 September 2019		331	332 323	402 251	54 863 464	55 598 369
Balance as at 1 October 2019		331	332 323	402 251	54 863 464	55 598 369
Total comprehensive income for the year		-	-	-	317 807 337	317 807 337
Profit for the year		-	-	-	317 807 337	317 807 337
Other comprehensive income for the year		-	-	-	-	-
Transaction with owners:						
Issue of shares	11	-	34 375	-	-	34 375
Share options	11	2	924 623	20 600 375	-	21 525 000
Balance as at 30 September 2020		333	1 291 321	21 002 626	372 670 801	394 965 081

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

Statement of cash flows

For the year ended 30 September 2020

	Notes	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		466 671 817	480 195 092	408 707 230	54 180 595
Adjustments for:					
Depreciation	6	13 373 936	15 366 623	561 806	447 366
Net loss on net monetary assets		259 367 874	102 455 445	-	-
(Profit)/loss from disposal of property, plant and equipment	20	(1 106 703)	1 024 618	(226 004)	16 230
Non-cash employee benefit expense - share based payment	18.1	40 602 504	4 291 948	21 525 000	265 028
Finance cost	21	21 270 466	190 757	12 859 646	10 186
Finance income	21	(13 555)	(7 495)	(6 518)	(400)
Provision for slow moving and obsolete inventories	7	374 625	5 295 463	135 328	304 080
Allowance for impairment of trade and other receivables	9	798 398	1 231 891	3 092 411	162 223
Working capital changes:					
Increase in inventories		(460 201 281)	(430 162 077)	(313 168 069)	(32 760 289)
Increase in trade and other receivables		(23 258 621)	(25 021 800)	(106 331 429)	(9 968 485)
Increase in trade and other payables		3 919 824	408 661	56 272 130	6 199 277
Increase in provision for other liabilities and charges		25 402 233	6 726 175	44 006 936	2 394 633
Net cash generated from operations		347 201 517	161 995 302	127 428 466	21 250 444
Finance cost	21	(21 270 466)	(190 757)	(12 859 646)	(10 186)
Finance income	21	13 555	7 495	6 518	400
Income taxes paid	8	(61 891 014)	(90 098 669)	(43 843 609)	(11 447 499)
Net cash generated from operating activities		264 053 592	71 713 371	70 731 730	9 793 159
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	6	(206 170)	(22 049 908)	(206 170)	(1 599 945)
Proceeds from sale of property, plant and equipment		1 106 703	158 422	226 004	7 500
Treasury bills settlement		-	123 779	-	6 180
Net cash generated from/(utilised in) investing activities		900 533	(21 767 707)	19 834	(1 586 265)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		147 843 252	22 388 197	108 728 971	2 948 215
Repayment of borrowings		(27 718 161)	-	(22 000 000)	-
Dividend paid		-	(162 325 995)	-	(5 502 432)
Proceeds from issuance of shares - share options	11.2	138 283	546 420	34 375	21 250
Net cash generated from/(utilised in) financing activities		120 263 374	(139 391 378)	86 763 346	(2 532 967)
Increase/(decrease) in cash and cash equivalents		385 217 499	(89 445 714)	157 514 910	5 673 927
Cash and cash equivalents at the beginning of the year		110 325 993	304 622 090	14 528 403	8 854 476
Effects of IAS29 on cash and cash equivalents		(323 500 179)	(104 850 383)	-	-
Cash and cash equivalents at the end of the year	10	172 043 312	110 325 993	172 043 312	14 528 403

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

Notes to the financial statements

For the year ended 30 September 2020

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 5 November 2020.

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 2020.

Notes to the financial statements

For the year ended 30 September 2020 (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 2020 (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 but have not been early adopted

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 2020 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the financial statements

For the year ended 30 September 2020 (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)

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.

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.

Notes to the financial statements

For the year ended 30 September 2020 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Notes to the financial statements

For the year ended 30 September 2020 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Current income and deferred tax (continued)

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

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.

Accounting policy applied for revenue recognition until 30 September 2020

Revenue was measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied stated, net of value added tax, returns, rebates and discounts.

The Company recognised revenue when the amount could be reliably measured, it is probable that future economic benefits would flow to the entity, and specific criteria have been met for each of the Company's activities as described below. The Company based its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods - wholesale
Revenue from the sale of goods was recognised when the products have been delivered to the customer. Delivery did not occur until the products have been delivered to the specified location, the risks of obsolescence have 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 was recognised when the Company sells a product to the customer.
(c) Consignment
Revenue was recognised when goods have been consumed

Notes to the financial statements

For the year ended 30 September 2020 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 2020 (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 match the Company's principal cash outflows to the currency in which the principal cash inflows are denominated.

The Company holds foreign denominated receivables and is therefore exposed to foreign exchange risk. Included in the Company's financial assets are the following foreign denominated balances:

	30 September 2020			30 September 20219		
	Foreign currency amount US$	Exchange rate	ZWL equivalent	Foreign currency amount	Exchange rate	ZWL equivalent
Trade receivables	753 322	81	61 388 201	317 383	111.70	35 453 263
Cash and cash equivalents	1 812 672	81	147 714 607	815 065	111.71	91 046 893

10% positive/negative change in exchange rate **10% positive/negative change in exchange rate**

	30 September 2020			30 September 20219		
	Value ZWL	Effect on profit before income tax ZWL	Effect on equity ZWL	Value ZWL	Effect on profit before income tax ZWL	Effect on equity ZWL
Trade receivables	67 527 021	6 138 820	-	-	-	-
Cash and cash equivalents	162 486 067	14 771 461	-	-	-	-

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 (2019: $nil).

The Company has borrowings amounting to ZWL89.5 million in 2020 and is exposed to cash flow interest rate risk (2019:$22.4) million - Inflation adjusted

Notes to the financial statements

For the year ended 30 September 2020 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(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.

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	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Trade and other receivables (excluding prepayments and statutory receivables)	76 199 129	38 846 445	76 199 129	5 115 538
Cash at bank	23 792 448	18 291 213	23 792 448	2 408 699
	99 991 577	57 137 658	99 991 577	7 524 237
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.	76 199 129	38 109 693	76 199 129	5 018 518
Group 2 - Existing customers with some defaults in the past. All defaults were fully recovered.	-	-	-	-
Group 3 - Existing customers with defaults not recovered.	-	-	-	-
	76 199 129	38 109 693	76 199 129	5 018 518
Other receivables (excluding prepayments and statutory liabilities)				
Other receivables from once off transactions with third parties	-	303 099	-	39 914
	-	303 099	-	39 914

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

Notes to the financial statements
For the year ended 30 September 2020 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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.

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:

	Current	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 120 days past due ZWL	Total ZWL
30 September 2020					
Expected credit loss rate	0.66%	2.81%	6.05%	30.43%	-
Gross carrying amount					
– trade receivables - export receivables	12 826 698	28 046 149	17 139 899	3 070 614	61 083 360
– trade receivables - local receivables	7 188 691	2 455 234	5 471 845	-	15 115 769
Credit loss allowance	(131 221)	(857 078)	(1 368 475)	(934 484)	(3 291 257)
Net carrying amount	19 884 168	29 644 305	21 243 268	2 136 130	72 907 872

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 allowance for expected credit loss for other financial assets at amortised cost as at 30 September 2020 reconciles to the opening loss allowance as follows:

	Trade receivables ZWL	Treasury bills ZWL	Other receivables ZWL	Total ZWL
30 September – calculated under IAS 39	-	-	-	-
Change in accounting policy - IFRS 9 adjustment (note 2.20)	-	-	-	-
Allowance as at 1 October 2018 – calculated under IFRS 9	-	-	-	-
Increase in allowance for expected credit losses recognised in profit or loss during the year	156 232	-	7 055	163 287
As at 30 September 2019	156 232	-	7 055	163 287

The analysis of trade receivables is as follows:

	ZWL
Trade receivables not past due	
- Receivables from local customers	-
- Receivables from foreign customers	122 898 324

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.

Notes to the financial statements

For the year ended 30 September 2020 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Cash and cash equivalents

The fair value of cash and cash equivalents at 30 September 2020 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	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Rating				
A+	376 115	7 289 120	376 115	959 876
A	138 844	585 179	138 844	77 060
AA-	22 693 195	6 862 765	22 693 195	903 731
BB+	-	1 527 048	-	201 091
BBB	563 672	2 026 873	563 672	266 911
	23 771 826	18 290 985	23 771 826	2 408 669

(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	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Bank overdraft	25 000 000	30 375 257	25 000 000	4 000 000
	25 000 000	30 375 257	25 000 000	4 000 000

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.

Notes to the financial statements

For the year ended 30 September 2020 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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				
	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
At 30 September 2019					
Assets					
Trade and other receivables (excluding prepayments and statutory receivables)	38 846 445	-	-	-	38 846 445
Cash and cash equivalents	110 325 993	-	-	-	110 325 993
	149 172 438	-	-	-	149 172 438
Liabilities					
Trade and other payables (excluding statutory liabilities)	78 449 963	-	-	-	78 449 963
Borrowings	(22 388 197)	-	-	-	(22 388 197)
	56 061 766	-	-	-	56 061 766
Liquidity gap	93 110 672	-	-	-	93 110 672
Cumulative liquidity surplus	93 110 672	93 110 672	93 110 672	93 110 672	-
At 30 September 2020					
Assets					
Trade and other receivables (excluding prepayments and statutory receivables)	35 788 448	-	-	-	35 788 448
Cash and cash equivalents	172 043 312	-	-	-	172 043 312
	207 831 761	-	-	-	207 831 761
Liabilities					
Trade and other payables (excluding statutory liabilities)	57 702 118	-	-	-	57 702 118
Borrowings	89 579 862	-	-	-	89 579 862
Liquidity gap	60 549 781	-	-	-	60 549 781
Cumulative liquidity surplus	60 549 781	60 549 781	60 549 781	60 549 781	-

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.

Notes to the financial statements

For the year ended 30 September 2020 (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

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	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
The gearing ratio as at 30 September was as follows:				
Total borrowings	89 579 862	22 388 197	89 579 862	2 948 215
Less: cash and cash equivalents	(172 043 312)	(110 325 993)	(172 043 312)	(14 528 403)
Net debt	(82 463 450)	(87 937 796)	(82 463 450)	(11 580 188)
Total equity	1 287 485 007	797 771 348	394 965 081	55 598 368
Total capital	1 205 021 557	709 833 552	312 501 632	44 018 180
Gearing ratio	7%	12%	26%	26%

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 2020 (2019: 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.

Notes to the financial statements
For the year ended 30 September 2020 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

a) Inflation indices and adjustments (continued)

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 2020	2 205	1.00
30 September 2019	290	7.59
CPI as at 30 September 2018	64	34.40

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 balanc 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 2020. 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 2020 (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:

- The Company has been operating at below current expected monthly capacity level of 200 tonnes with production averaging 176 tonnes per month.
- Repairs and maintenance costs have continued to be significant and constitute approximately 42% of the carrying amount of plant and equipment.
- Prevailing foreign currency shortages adversely impact the Company's ability to import the required quantities of raw material which may impact production.

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 2020 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.

Notes to the financial statements
For the year ended 30 September 2020 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

b) Carrying amount of plant and equipment (continued)

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.
The key financial assumptions used in the impairment calculations are:
- Long-term real revenue per ton of cable sold of ZWL 934 282 (2019: ZWL 102 889)
- Inflation rate of 659% (2019:290%) per annum applied on costs after 30 September 2020

Sensitivity analysis:
- A change in the discount rate by an additional 5% would not result in impairment
- A change of 5% in the long-term real revenue per ton cable sold would not result in impairment

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 ZWL15 544 659 (2019:ZWL 14 778 329) 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 liquidity constraints and 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 Company's ability to acquire imported raw materials is dependent on its ability to obtain adequate and affordable foreign currency.

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 ZWL860.8 million compared to ZWL 93.4 million recorded during the 2019 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 318 million for the year ended 30 September 2020, compared to a profit for the year of ZWL41.27 million for the same period last year.
- Historical cost cash flows generated from operating activities have also improved and have increased from $9.8 million for the year ended 30 September 2019 to ZWL66 million in the current year.
- Continued cost containment and reduction measures, capital expenditure rationalisation and optimising efficiencies on existing capital.
- The Company secured overdraft facilities amounting to ZWL139 million (2019:ZWL 4 000 000) 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 the 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 2020 (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	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Revenue from customers domiciled in Zimbabwe	1 436 823 381	1 202 089 283	747 389 936	86 056 638
Revenue from external customers	192 564 910	112 086 087	113 468 496	7 339 775
	1 629 388 291	1 314 175 370	860 858 432	93 396 413
Revenues from transactions with single local customers that amounted to 10% or more of the Company's revenue amount to approximately ZWL171 573 116 (2019:ZWL 230 020 095) 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:				
Energy transmission	171 573 116	230 020 095	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 763 553 (2019: ZWL4 119 188) 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 2020 is as follows:

	INFLATION ADJUSTED			
	2020 Cables ZWL	2020 Total ZWL	2019 Cables ZWL	2019 Total ZWL
Revenue from customers	1 629 388 291	1 629 388 291	1 314 175 370	1 314 175 370
Depreciation	13 373 936	13 373 936	15 366 623	15 366 623
Share option charge	40 602 504	40 602 504	4 291 948	4 291 948
Profit before interest and taxation	747 296 601	747 296 601	582 833 799	582 833 799
Finance income	13 555	13 555	7 495	7 495
Finance cost	(21 270 466)	(21 270 466)	-	-
Income tax (credit)/expense	(46 005)	(46 005)	205 493 389	205 493 389
Total assets	134 370 111	134 370 111	68 593 290	68 593 290
Total liabilities	285 747 713	285 747 713	244 998 513	244 998 513
	HISTORICAL COST			
Revenue from customers	860 858 432	860 858 432	93 396 413	93 396 413
Depreciation	561 806	561 806	447 666	447 666
Share option charge	21 525 000	21 525 000	265 028	265 028
Profit before interest and taxation	421 560 358	421 560 358	54 190 381	54 190 381
Finance income	6 518	6 518	400	400
Finance cost	(12 859 646)	(12 859 646)	(10 186)	(10 186)
Income tax expense	90 899 893	90 899 893	12 913 152	12 913 152
Total assets	68 593 290	68 593 290	22 511 331	22 511 331
Total liabilities	12 561 266	12 561 266	15 943 135	15 943 135

Notes to the financial statements

For the year ended 30 September 2020 (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 2019						
Opening net book amount	4 014 908	23 552 025	68 683 718	15 828 197	147 312	112 226 160
Additions	-	-	3 515 579	18 534 329	-	22 049 908
Disposal	-	-	-	(866 196)	-	(866 196)
Depreciation charge	-	(771 836)	(6 599 511)	(7 847 964)	(147 312)	(15 366 623)
Closing net book amount	4 014 908	22 780 189	65 599 786	25 648 366	-	118 043 249
As at 30 September 2019						
Cost	4 014 908	30 787 692	117 149 713	51 405 528	417 090	203 774 931
Disposals	-	-	-	-	-	-
Accumulated depreciation on disposals	-	-	-	-	-	-
Accumulated depreciation and impairment	-	(8 007 503)	(51 549 927)	(25 757 162)	(417 090)	(85 731 683)
Net book amount	4 014 908	22 780 189	65 599 786	25 648 366	-	118 043 249
Year ended 30 September 2020						
Opening net book amount	4 014 908	22 780 189	65 599 786	25 648 366	-	118 043 248
IAS 29 adjustment	(316 134)	(1 691 951)	136 176	699 935	-	(1 171 973)
Additions	-	-	-	206 170	-	206 170
Disposal	-	-	-	-	-	-
Depreciation charge	-	(714 383)	(5 585 609)	(7 073 942)	-	(13 373 936)
Closing net book amount	3 698 774	20 373 855	60 150 352	19 480 528	-	103 703 508
As at 30 September 2020						
Cost	3 698 774	28 489 536	111 311 575	44 787 498	1 932 176	190 219 559
Additions	-	-	-	206 170	-	206 170
Disposals	-	-	-	(1 455 800)	-	(1 455 800)
Accumulated depreciation and impairment	-	(8 115 682)	(51 161 223)	(24 057 340)	(1 932 176)	(85 266 421)
Net book amount	3 698 774	20 373 855	60 150 352	19 480 528	-	103 703 508

Notes to the financial statements

For the year ended 30 September 2020 (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 2019						
Opening net book amount	105 143	619 869	1 823 425	437 920	4 282	2 990 639
Additions	-	-	340 047	1 259 898	-	1 599 945
Disposal	-	-	-	(23 730)	-	(23 730)
Depreciation charge	-	(20 007)	(182 108)	(240 969)	(4 282)	(447 366)
Closing net book amount	105 143	599 862	1 981 364	1 433 119	-	4 119 488
As at 30 September 2020						
Cost	105 143	809 857	3 419 634	2 192 793	54 925	6 582 352
Accumulated depreciation on disposals	-	-	-	-	-	-
Accumulated depreciation and impairment	-	(209 995)	(1 438 270)	(759 674)	(54 925)	(2 462 864)
Net book amount	105 143	599 862	1 981 364	1 433 119	-	4 119 488
Year ended 30 September 2020						
Opening net book amount	105 143	599 862	1 981 364	1 433 119	-	4 119 488
Adjustment	-	(300)	-	-	-	(300)
Additions	-	-	-	206 170	-	206 170
Disposal	-	-	-	-	-	-
Depreciation charge	-	(20 307)	(209 352)	(332 146)	-	(561 806)
Closing net book amount	105 143	579 255	1 772 012	1 307 142	-	3 763 552
As at 30 September 2020						
Cost	105 143	809 556	3 419 634	2 170 760	54 925	6 560 018
Disposals	-	-	-	-	-	-
Accumulated depreciation and impairment	-	(230 301)	1 647 622)	(863 618)	(54 925)	(2 796 466)
Net book amount	105 143	579 255	1 772 012	1 307 142	-	3 763 552

Notes to the financial statements
For the year ended 30 September 2020 (continued)

7 INVENTORIES

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Raw materials and consumables	478 292 380	204 286 367	138 221 810	14 974 690
Work in progress	14 553 169	96 748 663	14 553 169	5 166 382
Finished goods	694 633 967	411 379 848	201 336 329	19 250 303
Goods in transit	466 921	15 330 278	466 921	2 018 785
	1 187 946 437	727 745 156	354 578 229	41 410 160
Provision for slow moving and obsolete inventories	(6 545 511)	(6 170 885)	(464 854)	(329 526)
	1 181 400 926	721 574 271	354 113 375	41 080 634

There were no inventories written down to net realisable value during the year (2019: ZWL nil).

There were no inventories pledged as security during the year (2019: ZWL nil).

The analysis for the provision for slow moving and obsolete inventories is as follows:

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
As at 1 October	6 170 885	875 422	329 526	25 446
Provision recognised during the year	374 625	5 295 463	135 328	304 080
As at 30 September	6 545 511	6 170 885	464 854	329 526

8 CURRENT INCOME TAX PAYABLES

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
As at 1 October	(13 669 753)	(4 065 986)	(1 800 117)	(118 186)
Effect of IAS 29	(6 177 769)	(13 939 865)	-	-
Tax paid during the year	61 891 014	104 038 535	43 843 609	11 447 498
Tax charge for the year (note 22)	(95 640 616)	(99 702 437)	(95 640 616)	(13 129 428)
As at 30 September	(53 597 124)	(13 669 753)	(53 597 124)	(1 800 116)

9 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
Trade receivables - third parties	76 199 129	38 109 693	76 199 129	5 018 518
Less: allowance for expected credit losses	(3 291 257)	(2 492 859)	(3 291 257)	(198 846)
Trade receivables - net	72 907 872	35 616 834	72 907 872	4 819 672
Prepayments	36 918 445	56 472 766	35 788 448	6 896 287
Other receivables	6 258 656	736 752	6 258 656	97 020
	116 084 973	92 826 352	114 954 976	11 812 979

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:

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
As at 1 October	2 492 859	265 867	198 846	7 728
Adoption of IFRS 9	-	995 101	-	28 895
Reversal of previous allowance for impairment	-	-	-	-
Allowance for impairment recognised during the year:				
- trade receivables	798 398	1 231 891	(3 092 411)	162 223
- other receivables	-	-	-	-
As at 30 September	3 291 257	2 492 859	(2 893 565)	198 846

Notes to the financial statements

For the year ended 30 September 2020 (continued)

9 TRADE AND OTHER RECEIVABLES (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 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	(798 398)	(1 231 891)	(3 092 411)	(162 223)
	(798 398)	(1 231 891)	(3 092 411)	(162 223)

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:

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
Statement of financial position movement	(23 258 621)	(22 582 189)	(103 141 997)	(9 771 187)
Allowance for expected credit losses	(798 398)	(1 231 891)	(3 092 411)	(162 223)
Treasury bills settlement disclosed separately	-	(123 779)	-	(6 180)
	(24 057 019)	(23 937 859)	(106 234 408)	(9 939 590)

10 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
Cash at bank	23 792 448	18 291 213	23 792 448	2 408 699
Cash in hand	148 250 864	92 034 780	148 250 864	12 119 704
	172 043 312	110 325 993	172 043 312	14 528 403

11 RESERVES

11.1 Authorised

	INFLATION ADJUSTED 2020 ZWL	INFLATION ADJUSTED 2019 ZWL	HISTORICAL COST 2020 ZWL	HISTORICAL COST 2019 ZWL
50 000 000 ordinary shares with a nominal value of ZWL0.00001 each.	17 200	17 200	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 2020 (continued)

11 RESERVES (continued)

11.2 Issued and fully paid

	Ordinary shares in issue	INFLATION ADJUSTED Ordinary shares ZWL	INFLATION ADJUSTED Share premium ZWL	INFLATION ADJUSTED Total ZWL	HISTORICAL COST Ordinary shares	HISTORICAL COST Share premium ZWL	HISTORICAL COST Total ZWL
As at 1 October 2018	33 059 000	11 391	8 762 525	8 773 916	331	254 701	255 032
Restatement of owners equity on application of IAS 29	-	-	-	-	-	-	-
Employee share option scheme:							
Shares issued	85 000	-	546 420	546 420	-	21 250	21 250
Share options	-	-	1 447 465	1 447 465	-	56 372	56 372
As at 30 September 2019	33 144 000	11 391	10 756 410	10 767 801	331	332 323	332 654
As at 1 October 2019	33 144 000	11 391	10 756 410	10 767 801	331	332 323	332 654
Employee share option scheme:							
Shares issued	137 500	-	138 283	138 283	-	34 375	34 375
Share options	-	6	2 257 171	2 257 177	2	924 623	924 625
As at 30 September 2020	33 281 500	11 397	13 151 864	13 163 261	333	1 291 321	1 291 654

The unissued share capital is under the control of the directors subject to the limitations of the Zimbabwe 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:

	2020 Number of share options issued	2020 Exercise price per share ZWL	2019 Number of share options issued	2019 Exercise price per share ZWL
Options authorised	3 232 700		3 232 700	
Outstanding at the beginning of the year	-			
Outstanding at the beginning of the year	845 000	0.25	400 000	0.25
	845 000		400 000	
Cancelled	-	0.25	(70 000)	0.25
Granted	-	0.70	600 000	0.70
Exercised	(137 500)	0.25	(85 000)	0.25
	(137 500)		445 000	
Total shares outstanding at the end of the year	707 500		845 000	
Outstanding at the end of the year, expiring 31 Dececember 2020	107 500	0.25	245 000	0.25
Outstanding at the end of the year, expiring 31 Dececember 2023	600 000	0.70	600 000	0.70

Notes to the financial statements
For the year ended 30 September 2020 (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	2020 Number of share options	2019 Number of share options
22 September 2014	1 October 2018	31 December 2020	0.25	-	135 000
22 September 2014	1 October 2019	31 December 2020	0.25	107 500	110 000
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
6 September 2018	7 October 2021	31 December 2023	0.70	200 000	200 000
				707 500	845 000

Of the 707 500 (2019: 845 000) outstanding share options, 107 500 (2019: 245 000) are currently exercisable. The share-based transactions valued using the intrinsic value method because the fair value of the instruments cannot be estimated reliably as there are no similar traded options. The intrinsic value is the difference between the market value of the share to which the employee has the right to subscribe or which the employee has the right to receive and the price the employee is required to pay.

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
The movement on the share option reserve is as follows:				
As at 1 October	8 244 915	6 660 458	402 251	193 600
Charge to the income statement	20 600 375	1 584 457	20 600 375	208 651
As at 30 September	28 845 290	8 244 915	21 002 626	402 251
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	(38 161 645)	(3 335 727)	(820 927)	(466 102)
	(38 161 645)	(3 335 727)	(820 927)	(466 102)
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	6 631 133	130 558 116	5 127 994	899 758
Deferred tax liabilities to be settled within 12 months	-	-	-	-
	6 631 133	130 558 116	5 127 994	899 758
Deferred tax liabilities (net)	(31 530 512)	127 222 389	4 307 067	433 656
The gross movement on the deferred income tax account is as follows:				
At 1 October	127 222 389	22 592 288	433 656	656 692
Effect of IAS 29	(191 378 497)	(1 160 851)	-	(7 488)
Statement of comprehensive income (note 21)	95 686 621	104 630 101	(4 740 723)	(215 548)
As at 30 September	31 530 513	127 222 389	(4 307 067)	433 656

Notes to the financial statements
For the year ended 30 September 2020 (continued)

12 DEFERRED INCOME TAXES (continued)

	Revenue received in advance ZWL	Allowance for impairment of trade and other receivables ZWL	Other	Total ZWL
Deferred income tax assets				
At 1 October 2019	(9 556 997)	(68 466)	-	(9 625 463)
IFRS 9 adoption	-	(1 160 851)	-	(1 160 851)
Charge to the statement of comprehensive income	9 556 997	587 662	(2 694 080)	7 450 580
As at 30 September 2020	-	(641 655)	(2 694 080)	(3 335 735)
As at 1 October 2019	-	(641 655)	(2 694 080)	(3 335 735)
Effect of IAS 29	-	-	-	-
Credit to the income statement	(1 477 263)	(171 944)	(1 646 190)	(3 295 398)
As at 30 September 2020	(1 477 263)	(813 599)	(4 340 271)	(6 631 133)

	Accelerated depreciation ZWL	Inventory ZWL	Prepayments ZWL	Total ZWL
Deferred income tax liabilities				
As at 1 October 2018	24 351 972	-	7 865 771	32 217 744
Charge to statement of comprehensive income	3 999 381	102 206 755	(7 865 771)	98 340 365
As at 30 September 2019	28 351 353	102 206 755	-	130 558 109
As at 1 October 2019	28 351 353	102 206 755	-	130 558 109
Charge to statement of comprehensive income	9 815 533	(102 206 755)	-	(92 391 222)
As at 30 September 2020	38 166 886	-	-	38 166 887

13 TRADE AND OTHER PAYABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Trade payables	52 642 131	38 494 214	52 642 131	5 069 153
Social security expenses and other taxes	6 509 621	3 498 652	6 509 621	460 724
Value added tax ("VAT")	-	731 497	-	96 328
Accrued expenses	5 059 987	17 567 553	5 059 987	2 313 403
	64 211 739	60 291 916	64 211 739	7 939 608

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.

Notes to the financial statements

For the year ended 30 September 2020 (continued)

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

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

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 2019			
As at 1 October 2018	3 590 143	11 109 925	14 700 068
Utilised in the current year	(3 590 143)	(11 109 925)	(14 700 068)
Charged to the income statement	4 291 561	17 134 682	21 426 243
As at 30 September 2019	4 291 561	17 134 682	21 426 243
Year end 30 September 2020			
As at 1 October 2019	4 291 561	17 134 682	21 426 243
Utilised in the current year	(4 291 561)	(17 134 682)	(21 426 243)
Charged to the income statement	11 012 218	35 816 257	46 828 475
As at 30 September 2020	11 012 218	35 816 257	46 828 475

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
15 DIVIDENDS				
As at 1 October	-	119 420 132	-	3 471 195
Dividends declared	-	42 905 863	-	2 031 237
Dividend paid	-	(162 325 995)	-	(5 502 432)
As at 30 September	-	-	-	-
16 REVENUE FROM CONTRACTS WITH CUSTOMERS				
Revenue from customers domiciled in Zimbabwe	1 436 823 381	1 202 089 283	747 389 936	86 056 638
Revenue from external customers	192 564 910	112 086 087	113 468 496	7 339 775
	1 629 388 291	1 314 175 370	860 858 432	93 396 413
Timing of revenue recognition				
- at a point in time	1 629 388 291	1 314 175 370	860 858 432	93 396 413
- over time	-	-	-	-
	1 629 388 291	1 314 175 370	860 858 432	93 396 413
17 BORROWINGS				
Bank overdraft	27 579 862	22 388 213	27 579 862	2 948 215
Loan	62 000 000	-	62 000 000	-
	89 579 862	22 388 213	89 579 862	2 948 215

All the borrowings are short term (not exceeding 12 months) and bear interest ranging between 40%-60% per annum

Notes to the financial statements
For the year ended 30 September 2020 (continued)

18 EXPENSES BY NATURE

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Raw materials and consumables used	494 735 298	496 879 149	249 467 428	26 612 609
Employee benefit expense (note 18.1)	319 048 055	128 505 979	184 804 686	9 515 943
Audit fees				
- Current year	2 458 626	4 125 294	2 458 626	398 533
- Prior year	-	-	-	-
Directors' emoluments	-	-	-	-
- Fees	4 436 924	2 168 467	2 220 017	129 330
Postage and telephone	1 043 178	970 057	579 454	60 724
Canteen	6 937 100	4 911 838	3 919 346	380 108
Trade promotion	1 400 476	971 378	302 677	50 927
Plant repairs and maintenance	57 239 378	46 091 870	28 583 016	3 338 567
Building repairs and maintenance	5 813 481	14 111 608	2 923 247	841 952
Vehicle repairs and maintenance	9 131 726	10 242 787	4 615 735	849 380
Electricity and water	25 109 345	17 286 483	10 707 880	1 434 939
Depreciation (note 6)	13 373 935	15 366 623	561 806	447 366
Quality and ISO certifications	11 575 901	6 161 256	2 539 326	488 008
Security	8 012 337	7 013 108	5 106 766	526 580
Machine running expenses	9 299 557	9 317 199	4 858 414	810 443
Insurance	7 409 346	3 979 979	4 750 411	233 556
Secretarial and listing related costs	2 363 981	2 377 775	1 302 168	163 031
Legal and professional fees	1 347 149	1 303 919	855 456	85 939
Cleaning and laundry	2 734 755	1 420 605	1 618 351	96 932
Subscriptions	2 238 866	1 411 682	1 133 209	105 637
Computer expenses	4 531 836	2 384 526	2 369 171	167 837
Bank charges	3 629 553	3 129 221	1 596 640	218 041
Travel	10 010 772	1 923 733	6 098 766	327 851
Freight outwards	5 428 790	3 059 829	2 725 310	236 183
Forklifts hire	12 082 605	8 156 485	7 101 491	594 286
Allowance for impairment of trade receivables (note 9)	2 958 154	1 231 891	2 958 154	162 223
Clinic expenses	2 055 725	481 121	1 449 070	43 340
Protective clothing	2 060 418	1 278 669	658 740	61 500
Printing and stationery	3 955 179	2 432 929	2 298 284	168 018
2% government levy	15 160 581	14 409 771	7 275 630	960 367
Packaging	669 008	526 783	448 108	34 114
Provision recognised for slow moving and obsolete inventories (note 7)	374 625	5 295 463	135 328	304 080
Other expenses	5 490 314	5 145 015	6 316 218	881 723
Total cost of sales, distribution costs and administrative expenses	1 054 116 974	824 072 493	554 738 929	50 730 371
The cost of sales, distributions costs and administrative expenses have been disclosed as follows:				
Cost of sales	695 952 533	640 013 229	352 400 783	34 298 688
Distribution costs	6 830 816	3 881 586	3 028 437	147 223
Administrative expenses	348 375 471	178 945 787	196 351 555	16 122 237
Allowance for impairment of trade and other receivables	2 958 154	1 231 891	2 958 154	162 223
	1 054 116 974	824 072 493	554 738 929	50 730 371

Notes to the financial statements

For the year ended 30 September 2020 (continued)

18 EXPENSES BY NATURE (continued)

18.1 Employee benefit expense

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Salaries - executive management	73 459 224	32 680 382	46 012 246	2 748 494
Salaries and wages - non executive employees	181 565 400	81 712 524	105 090 991	5 789 748
Social security costs (note 24)	384 752	985 130	242 463	56 214
Pension costs (note 24)	16 368 961	5 996 296	9 043 485	425 332
Share options charge	40 602 504	4 291 948	21 525 000	265 028
Recognition expenses	500 749	331 045	157 278	10 781
Attendance hamper	6 166 465	2 508 654	2 733 223	220 346
	319 048 055	128 505 979	184 804 686	9 515 943

19 OTHER INCOME

Scrap sales	1 666 448	1 396 730	971 931	74 585
Export incentive (note 19.1)	-	890 041	-	47 528
Exchange gains	167 051 357	90 730 968	114 049 195	11 379 058
Other	41 021	737 800	193 725	39 399
	168 758 826	93 755 539	115 214 851	11 540 570

19.1 Export incentive

In May 2016, the Reserve Bank of Zimbabwe ("RBZ') introduced an export incentive scheme to promote the export of goods and services to enhance inflows of foreign currency into the country. The Company is entitled to a 5% export incentive on the export proceeds received in Zimbabwe. The scheme was stopped and the company received nill in 2020 (2019:890 041)

20 OTHER GAINS

Profit/(loss) from disposal of motor vehicles	1 106 703	(1 024 618)	226 004	(16 230)

21 FINANCE INCOME

Finance cost	21 270 466	190 757	12 859 646	10 186
Interest income on current accounts with banks	(13 555)	(7 495)	(6 518)	(400)

22 INCOME TAX EXPENSE

Current income tax on profits for the year	95 640 616	99 702 437	95 640 616	13 129 428
Deferred income tax (note 12)	(95 686 621)	105 790 952	(4 740 723)	(216 276)
	(46 005)	205 493 389	90 899 893	12 913 152

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	466 671 817	480 195 092	408 707 230	54 180 595

Notes to the financial statements

For the year ended 30 September 2020 (continued)

22 INCOME TAX EXPENSE (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Notional taxation on profit for the year at a statutory rate of	115 361 273	123 650 236	101 032 427	13 951 503
Tax effects of:				
Income not subject to tax	(20 059 678)	(25 028 802)	(20 059 678)	(2 445 711)
Expenses not deductible for tax purposes at the statutory rate of 24.72% (note 22.1)	15 779 615	6 287 704	8 143 510	460 578
Permanent differences application of IAS 29	(106 086 983)	98 648 686	-	-
Effects of a change in tax rate	(5 088 895)	-	(17 346)	-
Recoupment on motor vehicles	48 663	1 935 565	1 800 979	946 782
	(46 006)	205 493 390	90 899 893	12 913 152
22.1 Expenses not deductible for tax purposes comprise the following:				
Donations	-	1 102 622	-	50 000
Share options	40 602 504	2 012 574	21 525 000	265 028
Government levy	15 160 581	7 292 850	7 275 630	960 367
Entertainment	6 937 100	2 886 470	4 117 072	406 015
Other	1 133 209	11 123 751	25 300	107 242
	63 833 394	24 418 266	32 943 002	1 788 652
23 EARNINGS PER SHARE				
23.1 Basic earnings per share				
Profit attributable to the ordinary equity holders of the Company	466 717 822	274 701 704	317 807 338	41 267 443
Weighted average number of ordinary shares in issue (note 11)	33 281 500	33 144 000	33 281 500	33 144 000
Basic earnings per share attributable to the ordinary equity holders of the Company	1 402.33	828.81	954.91	124.51
23.2 Diluted earnings per share				
Profit attributable to the ordinary equity holders of the Company	466 717 822	274 701 704	317 807 338	41 267 443
Weighted average number of shares in issue (note 11)	33 281 500	33 144 000	33 281 500	33 144 000
Adjustment for:				
Share options outstanding at year end (note 11)	707 500	845 000	107 500	315 000
	33 989 000	33 989 000	33 389 000	33 459 000
Diluted earnings per share attributable to the ordinary equity holders of the Company	1 373.14	808.21	951.83	123.34

Notes to the financial statements

For the year ended 30 September 2020 (continued)

23 EARNINGS PER SHARE (continued)

23.3 Headline earnings per share

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Profit attributable to the equity holders of the Company	466 717 822	274 701 704	317 807 338	41 267 443
Adjustments for:				
Profit on disposal of property, plant and equipment (note 20)	(1 106 703)	1 024 618	(226 004)	16 230
Tax effects on adjustments	273 577	(263 839)	55 868	(4 179)
Headline earnings	465 884 697	275 462 483	317 581 334	41 279 494
Weighted average number of shares in issue	33 281 500	33 144 000	33 281 500	33 144 000
Headline earnings per share (cents)	1 399.83	831.11	954.23	124.55

24 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	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Contributions recognised as an expense for the year are as follows:				
Social security costs (note 18)	384 752	985 130	242 463	56 214
Pension costs (note 18)	16 368 961	5 996 296	9 043 485	425 332
	16 753 713	6 981 426	9 285 948	481 546
RELATED PARTY TRANSACTIONS				
Reunert Electrical Engineering (Proprietary) Limited owns 70% of the Company's ordinary shares and the remaining 30% are widely held. The following transactions were carried out with related parties:				
i) Purchases of goods				
CBI Electric African Cables - A division of ATC (Proprietary) Limited	17 855 746	60 067 716	13 458 438	3 207 618
Metal Fabricators of Zambia plc ("Zamefa")	21 920 338	63 421 774	17 952 879	3 386 725
	39 776 084	123 489 491	31 411 317	6 594 343

Notes to the financial statements
For the year ended 30 September 2020 (continued)

24 PENSION BENEFITS (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
ii) 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	73 459 224	32 680 382	46 012 246	2 748 494
Share options charge	40 602 504	4 291 948	21 525 000	265 028
Directors' emoluments	-	-	-	-
- Fees	4 436 924	2 168 467	2 220 017	129 330
	118 498 652	39 140 797	184 134 203	3 142 852

Outstanding share options granted to key management were 707 500 (2019:315 000).
There were no loans made to directors or key management of the Company during the year (2019: ZWLnil).

26 CAPITAL COMMITMENTS

The Company had no significant capital expenditure contracted for by the directors at the reporting date (2019: ZWL nil).

27 CONTINGENCIES

The Company did not have any contingent assets or liabilities at the reporting date (2019: ZWL nil).

28 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.

Analysis of shareholding

	Number of shareholders	%	Number of shares	%
1 - 500	199	32.06	38 784	0.12
501 - 1000	114	18.94	79 027	0.24
1001 - 5000	194	32.23	421 994	1.27
5001 - 10000	36	5.98	241 104	0.72
10001 - 50000	39	6.48	792 532	2.438
50001 - 100000	6	1.00	489 078	1.47
100001 - and above	14	2.33	31 218 981	93.80
Total	**602**	**100**	**33 281 500**	**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 and 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 2021 - 2022

2020 Annual report distributed	January 2021	2021 Results announced	Nov 2021
75th Annual General Meeting	February 2021	2021 Annual report	Jan 2022
2020 Half-year results announced	May 2021	76th Annual General Meeting	Feb 2022

Notice to shareholders

Notice is hereby given that the 75th annual general meeting of the members of CAFCA Limited will be held in the boardroom at the Company's registered office at 54 Lytton Road, Workington, Harare, at 12.00 noon on Thursday 24 Febuary 2021 for the following purposes:

Special Business
1. To approve Electronic Virtual Annual General Meetings.
2. To resolve the adoption and substitution to the Memorandum and Articles of Association to the requirements the new Companies and Other Business Entities Act (Chapter 24.31) and any reference to the old Companies Act.
3. Extend the duration of existing share option scheme by another ten years.

Ordinary Business
1. To receive and consider the director's report, audited financial statements and the report of the auditors for the year ended 30 September 2020.
2. To appoint Messrs PricewaterhouseCoopers as 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 directors Messrs Mr E.T.Z Chidzonga and Mr T.A. Taylor.

By order of the Board

C.Kangara
Company Secretary
8 January 2021

Notes
1. A member entitled to vote at the above meeting may appoint one or more proxies as alternate or alternatives to attend the meeting, to vote and speak in the member's stead. A proxy need not be a member.
2. Proxy forms must be lodged with the company secretary at least 48 hours before the commencement of the meeting.
3. For further information on voting procedures, see the notes on the proxy information sheet.

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.

Ratios and statistics (based on historical figures)

	2020	2019	2018	2017
Number on shares (000)	33 281.50	33 144	33 059	32 874
Attributable earnings per share(cents)	954.91	124.51	11.67	2.21
Diluted earnings per share	951.83	123.34	11.53	2.17
Price to earnings ratio	6.41	1,20	7.31	13
Market price(cents)	6,100,00	150,00	85,50	29
Profitability(%)				
Operating profit	49	58	17	6
Return on equity	80	74	24	5
Solvency				
Financial gearing ratio (%)	14	5	-	-
Interest cover(times)	33	53.20	-	-
Sharehilders funds to turnover (%)	46	60	53	80
Liquidlity				
Current assets to interest free liabilities and short term borrowings	2.52	5,13	3,39	8
Other				
Number of employees	216	212	204	181
Number of shareholders	602	594	592	605

Shareholders' information

Top 20 shareholders
At 30 September 2020

	Shareholder	Number of shares	% of total
1	REUNERT ELECTRICAL ENGINEERING (PROPRIETARY) LIMITED	23 078 424	69.34
2	MESSINA INVESTMENTS	3 913 925	11.76
3	HONOUR MKUSHI FAMILY TRUST	966 854	2.91
4	NATIONAL SOCIAL SECURITY (WCIF)	712 224	2.14
5	DELWARE TRADING (PRIVATE) LIMITED	477 320	1.43
6	DELTA ENFIELD CABLES	448 800	1.35
7	NATIONAL PENSION SCHEME	413 461	1.24
8	RADIA PRAKASH	389 479	1.17
9	CAROLINE KANGARA	183 988	1.55
10	AVENELL INVESTMENTS (PRIVATE) LIMITED	141 207	0.42
11	STEPHENSON P.H	130 000	0.39
12	VALLEY STORES	125 000	0.38
13	GEZMARK INVESTMENTS (PRIVATE) LIMITED	120 549	0.36
14	WILSON ESQ, KENT RAYMOND	120 000	0.36
15	DUMISANI MHLANGA	95 000	0.29
16	FERBOS NOMINEES (PRIVATE) LIMITED	92 367	0.28
17	TFS NOMINEES (PRIVATE) LIMITED	88 547	0.27
18	ZWM NOMINEES (PRIVATE) LIMITED	83 373	0.25
19	ZB LIFE ASSURANCE LIMITED	72 319	0.22
20	STANBIC NOMINEES	57 472	0.17
		31 710 309	95.28
	OTHER	1 5471 191	4.72
	TOTAL	33 281 500	100.00

DIRECTORS' REPORT

Topical issues in the 2020 financial year were the Covid-19 pandemic and the elimination of wastes sent to the landfill among other pertinent business focuses.

1.0 Managing Director's overview

As one of the operating principles, CAFCA strives to be recognised for excellence in providing quality products and services which give best value to customers and other stakeholders. Sustainability then became a core element of the business. This enables the organisation to take into account all facets of the business (the environmental, economic and social aspects), with a full understanding of the internal and external issues that have a potential to affect the organisation's strategy and ability to achieve the intended outcomes. Sustainability reporting is key to CAFCA Limited as it enhances transparency to stakeholders on all its business activities by creating a platform for communicating sustainability performance and impacts - whether positive or negative.

Topical issues in the 2020 financial year were the COVID-19 pandemic and the elimination of wastes sent to the landfill among other pertinent business focuses. Strict measures as well as best practices were adopted during the course of the year to curb the spread of the COVID-19 pandemic which has and still is wreaking havoc in many nations and has spread to more than 200 countries in the world. The organisation recorded one positive case and continues to abide by the laws of the land, implementing the governmental regulations as well as the WHO guidelines in the fight against the pandemic.

CAFCA Limited saw that City Of Harare landfill is a serious and major environment hazard and must stop adding their waste to it. The organisation proudly reports that ever since November 2020 zero wastes have been sent to the landfill. Several methods like industrial symbiosis, traditional composting and an active waste segregation system on site to promote recovery of materials for reuse and recycling were used to achieve this milestone. Meanwhile the initiative resulted in the organisation saving money from eliminating the cost of waste disposal and assumed a huge environmental benefit by not sending a kg of waste to the landfills.

It is our quest that other organisations burden themselves with similar initiatives. Collectively we can save the environment to pass on to future generations.

CAFCA continues to implement Behavior Based Interventions (BBI) - Sungano to eliminate accidents in the work place and achieve the vision zero goal. During the course of the year the organisation recorded no fatalities. However there was an increase in the number of the accidents from 4 in FY19 to 9 in FY 20. Root Cause Analysis was done by the accident investigation team and the corrective actions were cleared. The organisation continues to implement human behavior interventions to compliment internal procedures and reduce accidents in the workplace and create a safe work environment.

CAFCA closely and keenly follows updates to the international standards which it voluntarily adopted. The organisation successfully transitioned to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. It also has already gone through the first stage audit for transition to the ISO 50001:2018 from ISO 50001:2011. A full transition is expected in the first half of 2021 after an onsite audit which was delayed due to COVID-19 travel restrictions. The necessary surveillance audits for the ISO 45001 and ISO 14001 were conducted virtually and were successful leading to the organisation retaining its certifications. A recertification audit for the ISO 9001 management system was also done virtually and the organisation was recommended for approval and maintained its certification.

The business operating environment in Zimbabwe has been dynamic and unpredictable requiring robust measures for continued survival. The organisation continues to leverage on continued recycling of the main raw material copper, maximizing local content as well as maintaining the protection from the government among other strategies, please see action plans in page 59 and 60.

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

CAFCA adopted sustainability reporting in 2015 and this becomes the sixth sustainability report. This report covers the financial year October 2019 - September 2020 (FY20). CAFCA sustainability reporting cycle continues to be on an annual basis. Data for the financial years FY15 and FY16 is maintained for the purposes of trending and comparison except only for our emissions where data is dating back to FY11 because of availability of the information and also because carbon footprint has been part of the annual report since the organization started tracking its emissions in FY11. All the other data for all the other material aspects dates back to FY15.

This report exclusively covers the business operations of CAFCA Limited only. All information in this report was gathered from internal records generated from day to day work processes and activities. This report becomes the second report to be prepared in accordance with the GRI Standards: Core option as all previous reports were prepared based on G4 Guidelines. CAFCA has complied with all the disclosures required when preparing a report in accordance with the GRI Standards (Core option).

A copy of this report can be obtained upon request from CAFCA through its Management Representative. We greatly appreciate and value your feedback therefore 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

2.1 Changes in reporting

There have been no changes in reporting during the FY 20 period.

GRI 102- 49

2.2 Stakeholders and materiality

2.2.1 REPORTING PRINCIPLES

he report content and topic boundaries for this report was gathered by considering the organization's activities, impacts and the substantive expectations and interests of its stakeholders. The reporting principles that were used by the organisation 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.

2.2.2 CAFCA MATERIAL TOPICS

Material topics for CAFCA and its stakeholders were identified through internal processes. These 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.

A matrix was developed showing importance of the issues to stakeholders and to CAFCA social, environmental and economic performance as a response to the feedback from the various stakeholders. The scoring criteria as applied previously was adopted and material aspects were plotted on a graph, separating those aspects that are material and those that are not material to CAFCA, see table opposite.

From the Materiality Matrix, the prioritised material topics were according to the materiality principle which identifies material topics with high importance to economic, environmental and social impacts and high importance to 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

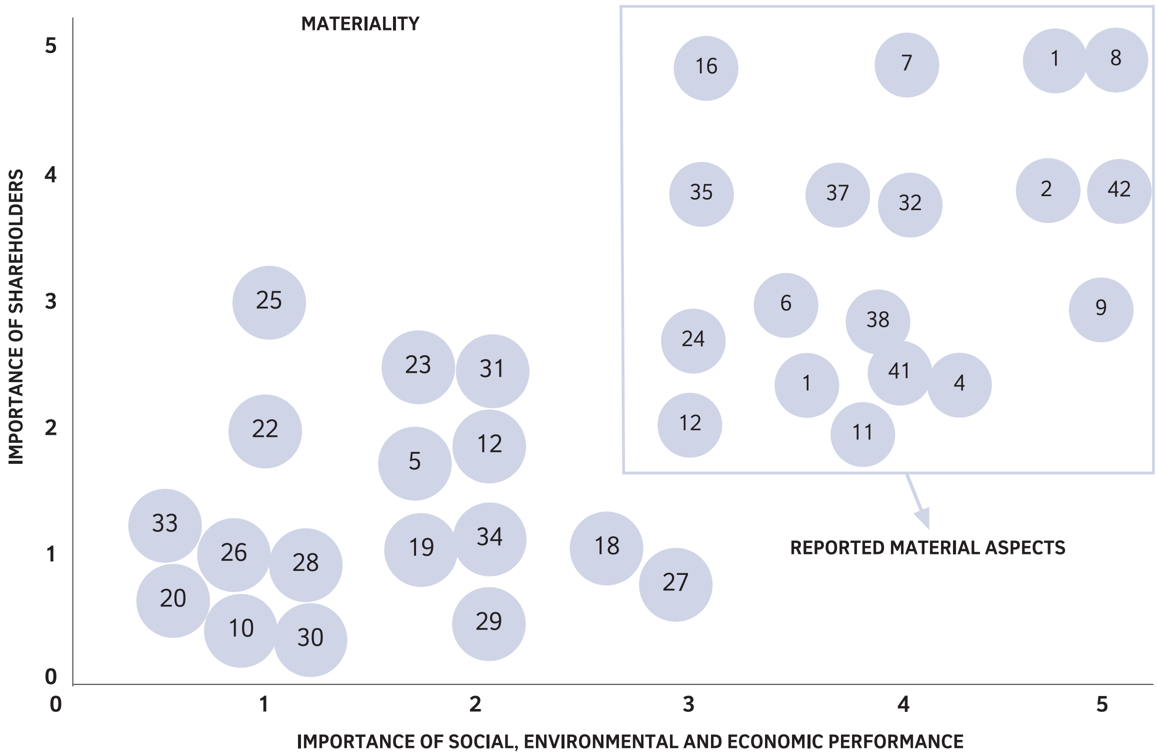
2.3 Boundary of material topics

The table below indicates the mapping of CAFCA significant material topics where some of the impacts are experienced at CAFCA but some occur outside CAFCA.

CAFCA material topics	Material within **CAFCA**	Material outside **CAFCA**
ECONOMIC		
Economic performance	✔	✔
ENVIRONMENT		
Materials	✔	
Energy	✔	✔
Water	✔	✔
Emissions	✔	✔
Effluent and Waste	✔	✔
SOCIAL		
Employment	✔	
Labour-management relations	✔	✔
Occupational health and safety	✔	✔
Training and education	✔	
Freedom of association and collective bargaining	✔	

GRI 102-47

CAFCA MATERIALITY MATRIX (DIAGRAM 1)



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

CAFCA imports almost all of these raw materials mentioned above, this is because of their unavailability locally, however with the current foreign currency scarcity the organisation resorted to taking advantage of those materials that can be obtained locally and as such increasing local procurement of the raw materials in the foreseeable future. Copper is the major raw material driving the business and it is noted that in the year under review FY 20, 54% of the total copper used was recycled copper and 8% of this copper was copper from starter sheets this was an increase from the 2% in FY19. Increased volumes were as a result of the intensification of efforts by the organisation to find sources of copper which it can extract and make anodes for further processing at RioBase.

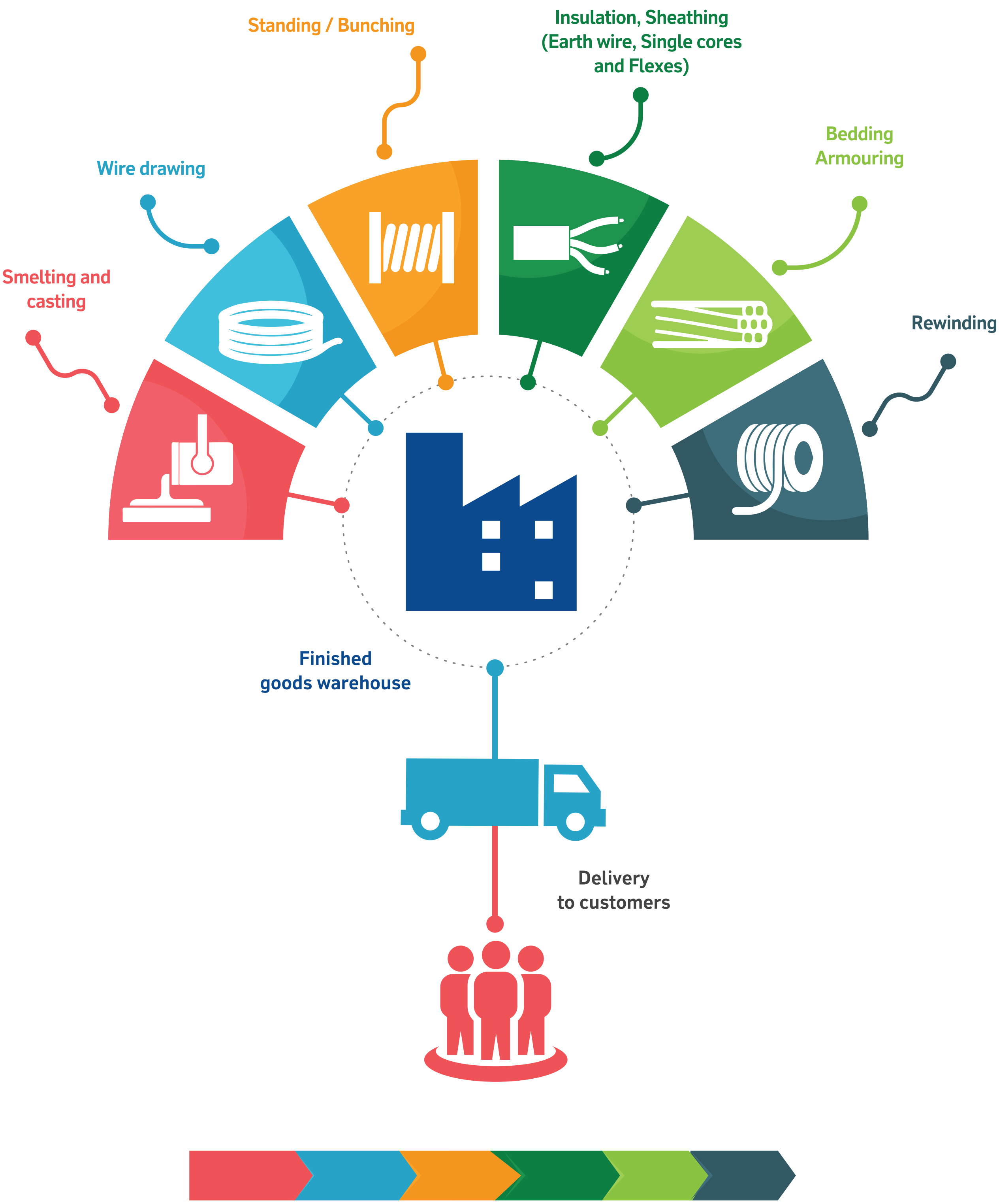
This has seen expansion of the cementation project to increase yields of copper recovered through the cementation process. Redundant copper is being acquired through the barter deal which CAFCA has with the Zimbabwe Electricity Distribution Company (ZETDC). The balance of 46% was imported virgin copper which is a mixture of readymade rod and cathodes.

The organisation continues to rely on its traditional suppliers of raw materials, production machinery spares and services. We use an approved suppliers' database and we evaluate all the approved suppliers at least once a year where we look at economic, environmental, quality, Health and safety impacts in a view to continually improve our products and services in the wider context of sustainability. Prior to the purchase of energy consuming equipment and services the organisation does considerations as per our procedural requirements and energy efficient products and services are given the first preference.

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. Our finished goods can be purchased and collected at the retail shop at the factory site in Harare, at our Bulawayo retail shop, and through our distributors. We provide consignment stock to some of our key customers within and outside our borders.

GRI 102-09

CAFCA INDUSTRIAL CABLES OPERATIONS DIAGRAM



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

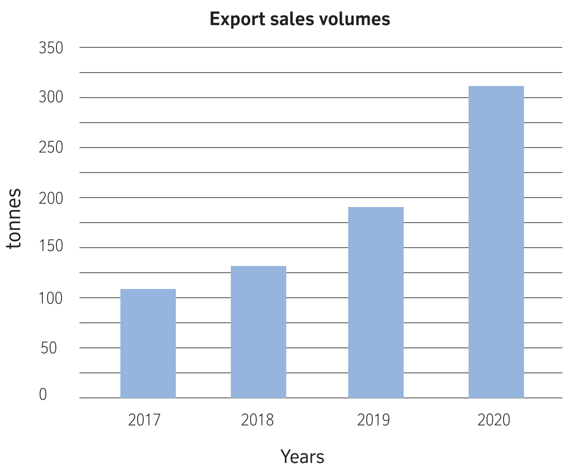
3.3 Changes in supply chain

There were no significant changes to the organization and its supply chain during the reporting period that can simultaneously contribute to significant economic, environmental and social impacts.

GRI 102-10

3.4 Markets

CAFCA's turnover is predominantly from the domestic market Total sales volumes were the same as achieved in 2019 but export volumes increased by 77%. The increase in export sales volume was driven by strategic decision to have consignment stocks in critical markets. The domestic market has been largely affected by inflation which has continued to erode buying power of customers. Exports were mainly to Zambia, Malawi and Mozambique. The export sales volume performance analysis is shown on the graph below.



CAFCA's turnover is predominantly from the domestic market. The major contributor to total turnover were cash sales with a contribution of 28%. Sales were sustained by the protection against imports put by the government through Statutory Instrument SI 122. Refer to "Statement of financial position" section on page 16 and performance review section on page 54 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.

Type of employment	2020	2019	2018	2017
Permanent	202	189	174	169
Learnership	5	4	19	0
Contract	3	5	1	1
Students on attachment	6	8	6	9
Internship	0	0	0	2
Apprenticeship	4	4	4	0
Total	**220**	**212**	**204**	**181**

4.0 Managing our risks

Risk management is imperative and if not properly done will lead to malfunctioning of business systems. Various tools have been adopted within CAFCA and in other areas where we can influence to ensure adequate risk management. Refer to "Corporate Governance" section of the Integrated Annual Report page 4.

GRI 102- 18

4.1 Risk management system

Adopted from the ISO management systems, CAFCA risk management system is designed to effectively identify, assess and mitigate sustainability and business risks. The key personnel/teams within this system, and their primary risk management responsibilities, are as follows:

Teams/Personnel	Risk management responsibilities
Board of directors and Audit committee	Identifying, monitoring and control of risk management efficiency, reviewing risk management strategies and reports.
Managing director and the senior executive team	Identifying, managing and mitigating business operational risks.
Operational managers	Identifying, evaluating, mitigating and reporting everyday risks.
Employees	Implementation of the identified risk mitigation strategies.

4.2 Key sustainability risks and opportunities

The organisation on an annual basis holds a Strategic Planning workshops at the start of a new financial year. The purpose of the workshop is to identify pertinent issues that will in the foreseeable future have an impact on the organisation with input from current trends as well as the strategic direction of the organisation. CAFCA's macro and micro environments are analyzed during the Strategic Planning Workshop and a list of major risks and opportunities are derived. Action plans are put in place for implementation at different levels by relevant functional teams.

The following page is an outline of the risks, opportunities and mitigation measures in relation to the material aspects of CAFCA Limited.

The senior Executives review the opportunities and risks every month end to ensure timeous closure of action plans.

4.2i CAFCA opportunities

ID	STRATEGIC ISSUE	ACTION/PLAN
O1	Buying copper priority in terms of cash flow	1. Pay for 60 tons by 3rd week of current month 2. Buy 90 tons each month until strategic of 120 tons
O2	Pointing and calling	1. Research concept 2. Prepare training material and plan 3. Roll out concept
O3	Strategic suppliers: Glencore, Continental Alpha Plast, Midal BSI Steel, ZAMEFA	1. SLA and contracts 2. Quarterly reviews an evaluation
O4	Empowerment	Identify processes to delegate
O5	Local Copper supply	Identify and assess mine dumps around the country and do feasibility studies to process so that we feed RioZim
O6	Copper processing capability	1. Visit Glencore Mines to benchmark on processing of different types of copper ores/blisters 2. Anodes Vs copper sulphate - understand electrowinning vs electro-refining 3. Understand where Unki is with their smelter
O7	Solar and DC cable as an emerging opportunity	- Do a promotion/advert of DC cables - Train sales team of definitions, specification and applications of DC - Get a sign-off of CAFCA specification by potential customers - Run product with HE3366 sheath
O8	Marketing Campaign - use influence of Electrician in the cable buying decision.	- Build a 500 personnel database of electricians - Develop a loyalty package/programme for Electricians
O9	Unki, Zimplats and Mimosa	- Have signed contracts of exclusive supply with major mines - single supplier contracts or consignment stock - Monthly visits - Review expectations quarterly and/or in-line with significant changes in the operating environment
O10	HVC strategy	Offer same terms as Zimplats on conditions that they do not import without our permission
O11	Triangle and Hippo	1. Agree and sign-off copper harvesting contract - use end user as entry wedge 2. Use credit from copper harvesting a seed for consignment stock
O12	Migration from Siemens to a user friendly Wonderware automation system as an opportunity	1. List all machines with Siemens and draw out a plan to implement 2. Do research on Wonderware automation system and establish compatibility 3. Identify one machine to implement as a test case
O13	Rwanda / DRC	1. Rwanda - identify a partner by March 2021 DRC - Grow volumes by 20% either through EP DRC or another partner

4.2ii CAFCA risk

ID	STRATEGIC ISSUE	ACTION/PLAN
R1	Physical security at CAFCA - create Fort Knox	1. Carry out physical survey and identify weak points 2. Implement solutions
R2	Engineering stores non conformities	1. Red team - Plan and implementation
R3	Recruitment quality control	1. Revisit policy/procedure 2. Consult G Makings/CWG
R4	House wire and flexes - capacity constraints	Draw 7/0.3 wire into stock

Once the opportunities and risks have been identified and their impacts analyzed, the organisation then reviews its business goals to align them with the new strategic intent. The business goals cover the wider context of sustainability (i.e. economic, environmental and social performance targets). Business goals are also reviewed once a month by the executive team with special emphasis on trends. The business goals then become the source of formulation of objectives and targets at departmental level.

GRI 102-15

5.0 CAFCA's position on precautionary principle

The precautionary principle implies that organisations have a social responsibility to cater for the environment where there is potential that its activities might result in adverse environmental impact. CAFCA realizes that it is better to prevent the adverse environmental effects than manage their consequences. As precaution, CAFCA takes full responsibility of these potential effects within our business processes. In this light the organisation conducts comprehensive Environmental Aspect Assessments and a Hazard Identification and Risk Assessments prior to the inception of any project to at least identify potential risks to the environment and the people. Control measures are then put in place and implemented to eliminate or minimize the perceived risks. The organisation continues to implement Behavior Based Interventions (BBI) concept and applying it across all facets of the business by use of human behavior as an instrument for creating value for the busines.

GRI 102 -11

6.0 Membership

CAFCA is a member of various national organisations and it actively participates and contributes to activities organised by these organisations. These organisations encourage or facilitate interaction and collaboration amongst industries and enable us to realise opportunities, solutions to potential problem and provide us with information on changes to legal and other requirements that affect our business for the purposes of continual improvement. These organisations, through the various platforms, enable CAFCA to participate in issues that concern it as an industry and to make meaningful contributions on the issues that can affect its business. The organisations in which CAFCA holds membership are:

a) Confederation of Zimbabwe Industries
b) National Employment Council for Engineering, Iron and Steel Industries
c) Employers Confederation of Zimbabwe
d) Engineering, Iron amd Steel Association of Zimbabwe
e) Business Council of Sustainable Development Zimbabwe
f) Zimbabwe Institute of Engineers
g) Construction Industry Federation of Zimbabwe
h) Southerton/Workington/Ardbennie Cluster

7.0 Awards

Refer to "Milestones" section on page 3 of the Integrated Annual Report 2020.

8.0 Stakeholder engagement

takeholders are key to the business operations of CAFCA Limited and their engagement is paramount as they have the potential to positively or negatively influence the business and survival of CFACA. CAFCA continues to engage its stakeholders using various platforms to engage them in order to manage their expectations and interests. The organisation uses a function-based approach to identify its stakeholders and this is done during the strategic planning workshop held annually. Its stakeholders include customers, suppliers, shareholders and investors, government and regulators, financial institutions, employees, local communities, and trade and industry associations. The needs and expectations of each stakeholder are determined during the strategic planning workshop. Engagement of all stakeholders to maintain and address arising relationship issues are done through meetings, partnerships, collaborations, consultations, information and knowledge sharing and customer feedback.

Engagement frequency with these stakeholders is dependent on various factors and is stated in our internal procedures. The various engagements done during the reporting period were not specifically undertaken as part of this report preparation process. Below is a summary of how we engage our key stakeholders.

CAFCA KEY STAKEHOLDERS

Stakeholder	Why they are important to us	Who is responsible to engage them	Channels of engagement	Frequency of engagement
Employees	Success of business depends on their skills, expertise and dedication	• Management team representatives • Line managers	• Works Council meetings • Management briefings • SHEQ meetings • NEC meetings	• Monthly and as agreed by both parties
Senior executives and Management team	Success of business depends on their leadership skills and motivation	• Managing director	• Management systems review meetings • Mangement meetings	• Weekly • Monthly
Shareholders and investors	Provide us with capital to develop and expand operations	• Board of directors	• Board meetings • Analyst briefings • Annual general meetings	• Quarterly • Annually
Lenders/Banks	Provide us with financial services and platforms for business transactions	• Finance management team	• Relationship meetings	• Monthly
Customers	Buy our products to provide revenue and certainty to our business	• Sales and marketing management team • Senior executives	• Meetings • Telephone conversations • Email correspondences • Customer evaluations	• On-going
Suppliers/External providers	Provide us with raw materials, spares and services which we need to create valuable products	• Procurement management team	• Meetings • Telephone conversations • Email correspondences • Customer evaluations • Supplier correspondence	• On-going
Government and regulators	Set the laws under which our business operates	• Senior executives	• Meetings • Written communications • Telephone conversations	• As and when issues arise
Community	Recipients of the impact of our activities on the environment and source of intellectual property	• Management representative • Management team	• Meetings • Written communications • Telephone conversations	• As and when issues arise

GRI 102 t - 40 to 43

The following table gives the key topics and/or concerns raised by various stakeholders and how the organisation has responded to those key topics and concerns.

Stakeholder	Key topic raised	Concerns raised	CAFCA's response	Status
Employees	Remuneration issues in high inflation economy		Resolved with reference to our agreed economic model	On-going
Walk-in customers at factory shop		Long order processing time	Implementation of various initiatives to reduce order processing time	Open
Local banks	Critical shortage of forex		Lobbying direct to Reserve Bank of Zimbabwe via customer and industry associations	On-going
Service providers		Payment on/before delivery	Agreements with service providers prior to purchase	On-going
Engineering Council of Zimbabwe ECZ	Non-compliance to Professions act	Unregistered Engineers	Registration of all practicing engineers at CAFCA	Closed

GRI 102-44

9.0 Our economic performance

CAFCA ensures economic sustainability by delivering a strong financial performance which will ensure that the organisation operates into the future. Since the organisation is listed 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, we are providing our economic performance summary below.

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

GRI 201-1

For more information, refer to the following Integrated Annual Report 2020 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 48

10.0 Our environmental performance

Caring for the environment has been maintained as one of CAFCA's operating principles and as such certification to ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management System) has been upheld. CAFCA continues to balance its business demands and environmental stewardship by incorporating environmental issues in all its processes. Our environmental performance is measured through the various material issues identified, our compliance obligations, maintenance of our management system standards, commitment to efficient resource use and implementation of the 4R's (Reduce, Reuse, Recover and Recycle).

During the year under review the organisation successfully implemented an Initiative to eliminate the amount of all waste types sent to the landfill. Since November 2020 zero wastes were sent to the landfill and this was made possible through collaborations by different departments, identifying sinks of the wastes and potential recycling methods onsite.

According to GRI standards, our material topics as obtained from section 2.2 of this report are:

- Materials
- Energy
- Water
- Emissions
- Effluent and Waste

10.1 Materials

Non-renewable materials used

Material	2020 (metric tonnes)	2019 (metric tonnes)	2018 (metric tonnes)	2017 (metric tonnes)
Copper (recycled)	947	1 111	1 083	1 170
Copper cathode	426	534	692	355
Copper rod	400	154	49	95
Aluminium	667	942	512	1 140
Total	**2 440**	**2 741**	**2 336**	**2 724**

CAFCA has for the past 5 years successfully managed to actively take part in industrial symbiosis by harvesting redundant copper which is being considered as waste by other organisations and making it a useful raw material in its processes. This process has a double benefit in that it reduces the extraction of virgin copper from the depleted natural resources and reduces the copper waste into the environment. About 54% of the total copper used in the reporting period was redundant copper. There was an 11% decrease in the total consumption of non-renewable resources. The decrease was mainly due to the adopted business model for FY20.

GRI 301-1 & 2

9.0 Energy- non-renewable fuel consumptions

Energy is the main driver of all production processes in any industry. At CAFCA approximately 90% of the energy consumed is electricity and is used to power the furnace, machines, administration and the canteen. The remaining 10% is distributed amongst Liquefied Petroleum Gas-LPG (for geysers and the incinerator), diesel and petrol (for company vehicles, forklifts and standby generators). Consumption of these energy sources is dependent on our production patterns and is enhanced by implementation of energy management opportunities for improvement.

Note: Conversion factors obtained from International Energy Agency.

ID	Energy source	Consumption (GJ) 2020	Energy Intensity (GJ/.ton) 2020	Consumption (GJ) 2019	Energy Intensity (GJ/.ton) 2019	Consumption (GJ) 2018	Energy Intensity GJ/ton) 2018	Consumption (GJ) 2017	Energy Intensity (GJ/ton) 2017
1	Electricity	16 62	8.71	16 896	8.06	17 900	8.2	18 023	8.6
2	Charcoal	8.9	0.005	5.5	0.003	51	0.02	22.36	0.01
3	Liquified Petroleum Gas	348	0.18	485	0.23	656	0.3	734	0.4
4	Diesel	3232	1.69	3 276	1.56	2 514	1.15	2 393	1.15
5	Petrol	460	0.24	432	0.21	334	0.52	400	1.19
Total		**20**	**10.84**	**21 094**	**10.06**	**21 455**	**21 572**	**21 572**	**10.34**

The total energy intensity increased by approx. 8% compared to the last reporting period. During this reporting period there was a 9% decrease in production output and used 2% less energy compared to the last reporting period. Energy losses were mainly as a result of the process inefficiencies in our production processes and additional equipment that was added such as an oven, a Jack hammer for copper processing and electrical heating elements at the cementation tanks. Even though these additions consume energy, they do not have a direct effect on the output tonnage that is produced rather they enhance the processes at which they were installed.

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

10.3 Water

The organisation currently utilizes 2 underground boreholes to meet its water demands. They operate at capacities of 1.2m3/hr. and 4.2m3/hr. The processes at CAFCA, however, are not water intensive and the main water uses are extrusion process, the cooling system for the furnace, wire drawing processes and day to day activities including cooking and the ablutions. The demand for water per month is not directly linked to production patterns as most of our operations have a closed loop water reticulation system. See table below for the consumption patterns:

Source	2020(m^3)	2019(m^3)	2018 (m^3)	2017 (m^3)
Municipal	0	0	0	0
Underground borehole	10 568	12 174	10 845	11 801

There was a 13% decrease in water consumption in FY20 as compared to FY19. This decrease in water consumption was due improvements made during the reporting period where the organisation installed low flush toilets, high-pressure low volume nozzles for ablutions and automatic self-closing taps. These initiatives showed savings and are to be rolled out to other areas for the purposes of saving water. The organisation has also embarked on an initiative starting this financial year to replace all underground galvanized steel pipes with PVC pipes to eliminate water losses due to leaks, the project shall be completed in FY 21.

GRI 303-1, GRI 303-3

10.4 Emissions - CAFCA carbon footprint

Climate change, also referred to as global warming, refers to the rise in average surface temperatures on Earth. An overwhelming scientific consensus maintains that climate change is due primarily to the anthropogenic activities including human use of fossil fuels, which releases carbon dioxide and other greenhouse gases into the air. The gases trap heat within the atmosphere, which can have a range of effects on ecosystems, including rising sea levels, severe weather events, and droughts that render landscapes more susceptible to wildfires. There is no doubt that issues of climate change are topical and need to be addressed and for such to happen takes a collective effort of both developed and developing nations.

Zimbabwe submitted its Nationally Determined Contributions (NDC) for mitigation and adaptation to climate change in September 2015. In its mitigation NDC Zimbabwe pledged a 33% reduction of energy-sector emissions per capita by 2030. This has a direct impact on the energy sector and industry as they have largely the biggest contributions towards ghg emissions and hence their participation in achievement of this ambitious goal is pertinent.

10.4 Emissions - CAFCA carbon footprint

The country's total GHGs emissions contribute less than 0.05% of global emissions, making it a low emitter. Despite its low emissions and high carbon sequestration potential, Zimbabwe is already working towards universal access to cleaner energy by 2030 adopting cleaner energy initiatives such as replacing more than a million incandescent bulbs with compact fluorescent lamps and solar energy, which has a huge potential of reducing emissions. The energy sector has been reported to be contributing 49% to Zimbabwe Emissions, therefore CAFCA as part of industry and a consumer of the product of the energy sector is mandated to collaborate with other players towards achievement of the NDCs.

CAFCA monitors its GHG emissions namely carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Reporting on these has been 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 since 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 table below shows the GHG emission figures for financial year 2020. GHG emission figures for 2017 to 2020 financial years are also shown for comparative purposes.

TABLE 1: CAFCA GHG EMISSION INVENTORIES

EMISSION SOURCES	2020 total emissions (tonnes CO_{2e}) - 12 month period	2019 total emissions (tonnes CO_{2e}) - 12 month period	2018 total emissions (tonnes CO_{2e}) - 12 month period	2017 total emissions (tonnes CO_{2e}) - 12 month period
SCOPE 1:				
PETROL				
Forklifts	0	0	0.33	1.55
Company vehicles	2.53	2.17	1.92	2.31
DIESEL				
Forklifts	50.25	45.14	40.55	35.36
Company vehicles	13.21	12.20	11.59	11.72
Generators	30.80	51.19	4.79	8.29
LPG				
LPG cylinders	11.10	13.99	18.9	21.21
CHARCOAL				
Furnace	1.75	0.01	1.75	1.87
HFC's				
Refrigerators	0.000765	0.000765	0.000765	0.0000765
Air conditioners	0.005	0.005	0.005	0.005
ACETYLENE	0.32	0.40	0.39	0.58
GRAPHITE	39.06	41.34	65.32	28.4
EXTRUDERS	11.56	9.97	8.37	6.78
SCOPE 2:				
ELECTRICITY				
Plant and Administration	2,771	2,816	2,984	3,004
TOTAL GHG EMISSIONS (tons CO_{2e})	**2,932**	**2,992**	**3,138**	**3,122**
TOTAL PRODUCTION Metal tonnes	**1,907**	**2.096**	**2,161**	**2,105**
GHG EMISSIONS Intensity (tonnesCO_{2e} per metal tonne)	**1.53**	**1.43**	**1.45**	**1.48**

GRI 305-01, GRI 305-02

10.4 Emissions - CAFCA carbon footprint

There were a total of 2932 tons of CO2 equivalent (tCO2e) in financial year 2020 (FY20). This is a 2% decrease from 2992 tCO2e in FY19. Purchased grid electricity contributed to 95% of the total greenhouse gas emissions (GHG) in the year under review. Electricity consumption decreased by 2% in FY20 as compared to FY19. Opportunities for improvement were implemented under Energy Management system as well decommissioning and recommissioning of the furnace.

The overall GHG intensity increased from 1.43 tCO2e per metal tonne in FY19 to 1.53 tCO2e per metal tonne in FY20 - a 7% increase. Losses were mainly as a result of the process inefficiencies in our production processes and additional equipment which were added. These are oven, a Jack hammer for copper processing and electric heating elements at the cementation tanks. Even though these additions consume energy they do not have a direct effect on the output tonnage which is produced rather they enhance the processes at which they were installed.

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 2020 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

During the year under review the organization successfully implemented an initiative to eliminate the amount of all waste types sent to the landfills (solid and liquid). This was after having seen the current state of the landfills in Harare which are serious and major environmental hazard. The organization therefore since November 2019 sent zero kgs of waste to the landfills. 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. The initiative looked at the following:

a) Onsite oil filtration project to recover oil from waste lubricants and oils.
b) Composting all biodegradable materials and using the manure on the CAFCA flower garden and lawn.
c) Crushing and grinding all construction rubble into sand for reuse in the building and construction.
d) All non-sellable plastics and paper and other small combustible materials sent out for use as fuel for the Cyclonic Burner at National Foods.
e) Saw dust and sand used to reclaim oil spillages is cleaned for reuse. Recovered oil is used as fuel at the Crucible Furnace.

10.5.1 Hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
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

There was a decrease in hazardous waste in FY20 compared to FY 19 by 25.2 tones. This is due to the implementation of some of the initiatives under the "NO WASTE TO LANDFILL".

10.5.2 Non-hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
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

There was a decrease in general waste in FY20 compared to FY 19 by 94.8 tonnes. This is due to the implementation of some of the initiatives under the "NO WASTE TO LANDFILL".

GRI 306-2

10.5.3 Significant spills

During the reporting period there were no significant spills.

10.6 Environmental compliance

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

GRI 307-1

10.7 Environmental management expenses

2020 ZWL	2019 ZWL	2018 ZWL	2017 US$
2 526 265.93	57 280	35 365	33 297

Environmental management expenses increased by more than 4000% from the previous reporting period. The increase is due to the high inflation 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. Agenda 2030 creates a tremendous opportunity for the private sector to demonstrate the central role it plays in sustainable development. In this view CAFCA reckon that as a manufacturing company also have valuable contributions to make.

SDG	THEME	CAFCA'S CONTRIBUTION
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation	• Prevent water pollution through effluent treatment and compliance to water regulations. • Also there is monitoring of ground water contamination.
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all.	• Manufacture and distribution of cables used nationally and regionally in the transmission of electricity which is a clean source of energy. • CAFCA is also committed to efficient utilization of energy through implementation of the Energy Management System
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	• Accreditation to ISO 14001:2015 • Accreditation to ISO 50001:2011 • Efficient use of water and energy • Use of redundant copper as a raw material reduces consumption of a natural nonrenewable cathode (virgin copper). • Implementation of EnMS to responsibly consume all energy sources used at CAFCA
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts.	• Carbon footprint reporting which tracks the GHG emissions. Energy efficiency through implementation of opportunities for improvement to reduce GHG emissions. • Implementation of energy management opportunities for improvement which directly reduces our GHG emissions. • Water saving initiatives to facilitate climate adaptation
1 NO POVERTY	End poverty in all its forms everywhere.	• CAFCA Limited creates employment opportunities thereby reducing social exclusion. • Also the company creates value to raw materials leading to economic development.

11 Our social performance

11.1 Our people

Employees are the greatest asset at CAFCA Limited, being the force driving the organisation to achieve its intended results. Existence of the COVID 19 pandemic has threatened job losses elsewhere but CAFCA has proudly maintained its workforce and even increased the permanent workforce by 13 employees. Turnover during this reporting period decreased by 8 from 28 in the last reporting period. The organisation provides equal opportunities, without discriminating against gender, race, physical ability or HIV/AIDS status. We value our employees' contributions and commit to treat our employees in a respectable, fair and professional manner, encouraging appropriate personal growth and a balanced lifestyle.

All our employees are covered by Collective Bargaining Agreements as the organisation respects employees' right to freedom of association and collective bargaining.

The management team continually engages all employees at all levels including contractors through various platforms such as the Works Council, Health and 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 are done to address issues of health and safety. Moreover, CAFCA has a sound Pension Fund to cater for the welfare of its employees even after retirement.

Encouraging personal growth is one of the organisations operating principles and hence the organisation invests in training the workforce in their respective disciplines to ensure we continue delight our customers and to be a leading manufacturer and supplier of quality cable for the transmission and distribution of information and energy for the Southern and Central African markets. Training needs for employees are identified and prioritised by management based on organisational needs identified through engagements with other organisations, in process issues and best practice.

GRI 402-1 to GRI 407

11.2 New employee hires by gender

Year	Category	Male	Female	Total	% rate of new female to total new hires
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

11.3 New hires by age group

Year	18-20	21-30	31-40	41-50	51-63
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

11.4 Employee turnover by gender

Year	Category	Male	Female	Total	% rate of female to total employee turnover
2020	Turnover	14	6	20	30
2019	Turnover	21	7	28	25
2018	Turnover	23	3	26	12
2017	Turnover	22	3	25	12

11.5 Employee turnover by age group

Year	18-20	21-30	31-40	41-50	51-63
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

GRI 307-1

11.6 Health and safety performance

11.6.1 Covid 19 pandemic response

The Covid-19 pandemic outbreak was topical throughout this whole year strengthening the already set health and safety requirements of organisations. The Pandemic first reported in Wuhan China in December 2019 and later on in March being declared a Pandemic on 1 March by the WHO has claimed many lives and spread to more than 200 countries, Zimbabwe included. Zimbabwe responded by declaring various levels of lockdowns beginning on the 30th of March 2020. Operational guidelines in form of statutory instruments were enacted for sectors that were termed essential services and required to continue operating during the lockdown. CAFCA was one such as provision of electric cables for transmission of energy and information to the medical facilities and other various essential services was deemed essential, hence strict measures had to be put in place to continue operations but minimizing exposure of the workforce and also complying with set regulations. The following precautionary measures were taken:

a) A buddy-buddy system where employees with complementing roles and responsibilities took turns to come to work.
b) Provision of transport for the workforce to and from home to minimise exposure in public transport.
c) Improved hygiene standards on site by putting automatic self-closing taps in ablutions and the canteen as well as providing hand sanitizers at strategic locations within the premises.
d) Provision of face masks to the entire workforce.
e) Awareness training to the entire workforce being guided by the WHO Guidelines.
f) Setting up of a medical facility for the workforce that exhibited any COVID-19 symptoms.
g) Stopped all face to face meetings and feedback on pertinent issues would be given virtually.
h) Social distancing at all stations with potential of crowding.
i) Temperature screening before entrance at the gatehouse.
j) Only 2 people allowed to sit on a table at the canteen.
k) Blitz on non-complying individuals.

Procedures were put in place as well as signage in high traffic areas to increase awareness. Strict measures, monitoring and control has been and is still being applied and the organisation has recorded one positive case since and still continues to implement the government and best practice preventative measures to curb the spread of the pandemic.

11.6.2 Employees health and safety performance

CAFCA has adopted Behavior Based Interventions (BBI) concept as a tool and technique to create value for the business as human behavior is the common denominator in cultural/business transformation, SHE Excellence, business improvement, motivation, self-drive and best practice. The Health and Safety statistics from 2017 to date are shown in table below. 100% of our employees are represented in joint management-worker health and safety committee. The organisation believes that workplace safety is anchored on three dimensions "safety, health and wellbeing" and as such encourage appropriate personal growth and a balanced lifestyle.

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

The number of accidents occurring has increased from the previous year by 100%. It is against this background that the organisation got health and safety training for all employees from National Social Security (NSSA) and thereafter embraced Behavior Based Interventions (BBI). BBI aims to improve safety behaviour in the organisation by eliminating at-risk behaviors.

GRI 401-3

11.7 Occupational health surveillance

Employee health and safety is a pertinent issue that drives organization as the input of the workforce is critical to the success of an organisation. CAFCA commits to providing a safe environment and promoting social well-being of its employees and all the people working on behalf of CAFCA. This also means being proactive in identifying such issues that have a negative effect on the health and safety of the workforce and controlling the issues before employee exposure. Some of the hazards are controlled but still exist within the employees work environments. These include noise, dust, glare and heat. Measures in place to reduce exposure to these hazards include engineering controls to reduce noise levels, planned maintenance of machinery, provision of Personal Protective Equipment (PPE) and job rotations.

Employees are sent for medical assessments annually and the statistics are listed in the table below. No anomalies were recorded during the assessments in 2020.

Health assessment parameter	Number of employees sent for assessment			
	2020	2019	2018	2017
Audiometric	79	30	50	52
Pneumoconiosis	44	35	0	35
Site screening	132	59	59	56
Thermal heat assessment	75	45	39	50

GRI 403-3

11.7 Training and education

CAFCA is committed to train its workforce to continuously improve their skills. We have a training program that is reviewed annually. During the year under review trainings were limited due to the existence of the COVID-19 pandemic. The training statistics for 2017-2020 are shown in table below.

	2020	2019	2018	2017
Number of employees trained	163	1057	361	196
Number of man days trained	251	1250	400	270
% Female	3	4	7	7
% Male	97	96	93	93

GRI 404

"If there is a future, it will be Green"

Petra Kelly

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

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