



Hwange Colliery Company Limited

ABRIDGED AUDITED

FINANCIAL RESULTS

For the year ended 31 December 2020

ADMINISTRATOR'S LETTER

OVERVIEW

Hwange Colliery Company Limited ("the Company") remains under administration in terms of the Reconstruction of State-Indebted Companies Act [Chapter 24:27] ("the Reconstruction Act"). The appeal by the Minister of Justice, Legal and Parliamentary Affairs ("the Minister") to the Supreme Court in the matter of the confirmation of the Reconstruction Order remains pending, and administration continues as normal.

In terms of the Reconstruction Act, the Minister replaced Bhukitemba Moyo as Administrator in October 2020, after conclusion of a 2-year tenure. The new Administration team comprises Eng. Dale Sibanda as Administrator, with Munashe Shava and Mutsa Remba as Assistant Administrators.

The year 2020 was affected by the effects of Covid 19. The Company was not spared from the negative impact of the pandemic, and various safety measures were put in place in order to protect workers and ensure continuity of operations during the period under review. Despite the challenges, it is pleasing to note that operations continued throughout the year and production and sales actually increased. We report hereunder the achievements for the year.

FINANCIAL PERFORMANCE

On a historic cost basis, the Company's performance improved from a gross profit of ZWL 182 million for the year ended 31 December 2019 to a Gross profit of ZWL 471 million for the year under review. The net loss position however increased from ZWL 91 million to ZWL 640 million due to an exchange loss of ZWL 1.4 billion on legacy foreign creditors. On an inflation adjusted basis, the gross profit and net profit decreased from ZWL 1.9 billion and ZWL 6.9 billion to ZWL 1 billion and ZWL 1.5 billion respectively.

Revenue increased by 13% from ZWL3.954 billion in 2019 to ZWL 4.468 billion in 2020 on an inflation adjusted basis. On a historical basis, it increased by 622.5% from ZWL422.2 million in 2019 to ZWL3,050 billion in 2020. This was largely due to a combination of an increase in high value coking coal sales and regular product price adjustments in line with market value.

REVIEW OF OPERATIONS

Production increased by 22% during the period under review, with the main challenges having been shortage of diesel and foreign currency to import spares and consumables as well as the negative effects of the Covid-19 pandemic. The sales volumes however increased by only 10% compared to 2019 mainly as a result of influence of Covid-19 on the market and logistics, as well as the reduced thermal coal offtake. Going forward, the Company has targeted to increase production and sales. For this, some significant capital is required, and this will be a key focus area of the Administration going forward. Increased production and sales will in turn increase capacity to discharge obligations to creditors as well as create a positive balance sheet in the medium term. The strategic priorities for the Company's year-end were the following:

a) Safety, Health, Environment and Quality

The Company successfully gave adequate focus to Covid-19 precautionary measures, both protection of its workers and for the greater Hwange Community. We are pleased to report all Covid-19 cases reported during the period under review were successfully treated and there were no fatalities reported from the virus.

There has also been an improvement on the lost shift injury frequency rate due to initiatives like people focus, systems implementation and technology embracing. Regrettably, the company recorded a fatality during the last quarter of the year. HCCL embraced a risk/opportunity-based approach to operations aimed at zero harm. Top risks included Acid Mine Drainage, for which an Environmental Management Plan (EMP) to manage its effects is now in place. Likewise, robust measures aimed at reducing similar incidents related to non-communicable diseases were established through a Wellness policy.

The organization has successfully obtained Certification Audits for Environmental Management System - ISO 14001:2015 and Occupational Health and Safety System ISO 45001:2018 standards.

b) Coal Production

During the year under review, focus was on increasing production and sales of high value coking Coal. Coking coal sales increased by 6.5% from 223 662 tonnes in 2019 to 238 112 tonnes in 2020. The coking coal sales volumes were however limited by washing capacity constraints as the HMS plant was antiquated and needed retrofitting. The plant was completed and the plant was commissioned in April 2021.

c) Open Cast Mining

Total coal mined by Opencast operations was 1,104,036 tonnes, a 46% increase in production from the previous year. Total coal from HCCL's JKL pit was 353,143 tonnes, a 21% decrease in production from 2019, while at Chaba Mine, the Contractor Zhong Jian mined a total of 750,893 tonnes, a 145% increase in production from 2019 done by the previous contractor, Mota Engil.

A total of 658,031 tonnes of coal was delivered to Hwange Power Station during the course of the year, which was 18% increase from previous year. Deliveries into the power station were however negatively affected by plant challenges in the power station and limited stock holding space.

d) Underground Mining

3Main Underground Mine coal production was 49% below the previous year. This was mainly because the Underground was affected for some months by a major breakdown on the Continuous miner which had to be taken out of the mine for major repairs. The Continuous Miner is back in operations but remains unreliable and approaching its end of life. It will shortly be due for replacement in order to stabilise underground production.

e) Fixed and Mobile Plant Repair

Significant investment has been made in new equipment as well as repairs and maintenance of the existing plant and equipment. Open cast mine was equipped with a track dozer and a grader to ensure that the loading and haulage equipment are fully supported. Repair work on the HMS washing plant was completed and the plant was commissioned in April 2021. The company also purchased a number of utility vehicles for both operations and service departments.

f) Beneficiation Plants

The intended takeover of the Hwange Coal Gasification Company (Private) Limited ("HCGC") Coke Oven Battery pursuant to a BOOT Agreement with its Chinese partners is still pending. In the medium term, benefit is seen in construction of another battery to participate in the coke market, which has high value and significant foreign currency earning potential.

g) Cost Control

The Company continues to put emphasis on a low-cost high productivity strategy. This has enabled it to significantly reduce its costs. Tight controls remain on costs, but these are affected by exchange rate driven inflation.

OUTLOOK

Strategic plans to unearth the Company's potential are being developed and these include:-

a) Increasing the volume of high value and margin coking coal

Apart from the current underground mining operations which are producing an average of 30 000 tonnes per month, plans are underway to develop a second underground mining section in the medium term, so that coking coal production will double when the new section is fully operational. In addition, opencast operations at the JKL pit will continue in order to increase high value coking coal in the product mix. The current JKL operation is producing an average of 50 000 tonnes per month and the target is to increase production to 100 000 tonnes per month by end of 2021.

b) Fixed Plant Repair and Restoration to Capacity

The main thrust as we move into 2021 is to ensure that we fully capacitate our opencast mine by addressing all bottlenecks in the mining process. Efforts to facilitate procurement of equipment due for replacement have commenced. Likewise, some work will be done to continue to stabilise the washing capacity at both the HMS plant and the Jig and Floatation plant.

c) Rebuild of Coke Oven Battery.

Bidders were invited to tender for the full rebuild of the Company's original coke oven battery which was shut down in mid-2014. The tender is for the rebuild of the by-products plant and ancillary plants and also for the supply of a completely new coke oven battery together with the by-products and ancillary plant.

d) Option Area and Lubimbi Development

The development of the Option Area and Lubimbi coal fields is planned for the medium term. The Company has therefore started community engagements at Lubimbi in preparation for the mining process. The Company is also looking at the prospects of electricity generation at Lubimbi to complement the mining process. Preparatory work towards mining Option Area has likewise begun.

e) Increase of Export Sales Volumes

The Company aims to grow its market share of coking coal sales in neighbouring countries, as its coking coal and coke meet quality specifications in the ferro-chrome industries and smelters. Plans to develop dedicated solutions for the delivery of coking coal and coke products in Zimbabwe and the region are underway. The Company will continue in 2021 with the momentum it gathered at the end of 2020 on exports, after it was negatively affected by Covid 19 during the first half of 2020.

COVID 19 Update

The Company continues to operate cautiously during the lockdown period which commenced on 31 March 2020 as it is considered to be offering essential services according to SI 83 of 2020. Several measures were taken to ensure the safety of the employees and the other stakeholders. The company operations were however affected by the pandemic as some customers and suppliers are closed due to lockdown. The company will continue to operate cognisant of the business risks posed by the pandemic.

ZSE LISTING

The Zimbabwe Stock Exchange suspension owing to administration, continues.

DIRECTORATE

There are no directors in place due to administration.

APPRECIATION

I would like to express my gratitude to the administration team, management and Staff for their collective efforts and dedication to the Company.

Eng D. S. Sibanda [MR]
Administrator

26 May 2021

OPERATIONAL REVIEW

INTRODUCTION

It is my privilege to present a review of the operations of Hwange Colliery Company Limited for the year ended 31 December 2020.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

Employee wellness and behaviour remains key to safe production and the Company's 'zero harm' vision. Covid 19 prevention measures, and risk and opportunity based approaches, also resulted in the adoption of new alternatives of working safely across the Mine.

There were no occupational diseases reported during the period under review.

There has been an improvement on the lost shift injury frequency rate owing to attention to three key initiatives in our strategy, namely, people focus, systems implementation and technology embracing.

Regrettably, the company recorded a fatality during the last quarter of the year. Robust measures aimed at reducing similar incidents have been implemented through a Wellness policy.

The organisation managed to close the year without any significant environmental management statutory requirements violations. One of the top risks HCC faced was Acid Mine Drainage, for which an Environmental Management Plan (EMP) was successfully put in place.

Certification Audits for the Environmental Management System - ISO 14001:2015 and Occupational Health and Safety System ISO 45001:2018 were successfully concluded.

We are pleased with the achievements on the journey to zero harm. We are grateful for the stakeholder support during the period under review.

OUR RESERVES STATEMENT

The table below shows a reconciliation of the ore reserves of the company's mines

Coal Resource, Reserve Statement As At 31 December 2020

	RESERVE (M)	RESOURCE (M)
OPENCAST		
JKL	7.5	13.8
Chaba	14.5	50.3
No.1 Pillars	6.6	7.3
No. 3 Pillars	0	51.5
TOTAL OPENCAST	28.6	122.9
UNDERGROUND		
3 Main	40.1	171.1
Option Area	0	220.5
Chaba West	0	75.2
Block F	0	16.8
TOTAL UNDERGROUND	40.1	483.6
GRAND TOTAL	68.7	606.6

COAL PRODUCTION

	POWER COAL	INDUSTRIAL/COKING
COAL		
3 Main Underground	-	136,137
JKL Pits	174,738	178,405
Chaba Pits	339,582	411,311
Total Coal Produced	514,320	725,853

Total production amounted to 1,240,173 tonnes of coal and was 75.6% of the budget of 1,640,000 tonnes.

OPERATIONS

OPENCAST

The 2020 production year began with focus on managing Covid-19 and resource challenges at the mines.

At the JKL pit, the Company built-up its dump truck fleet to required levels and acquired and outsourced support equipment and services to compliment and guarantee minimum production levels. The Mine's main challenges remained low working capital inflows and shortage of foreign currency to acquire critical spares and consumables.

Heavy rains towards the end of the year flooded the pits and affected production from December into 2021. Total coal mined by Opencast operations totalled 1,104,036 tonnes, a 46% increase in production from the previous year.

A total of 658,031 tonnes of coal was delivered to Hwange Power Station during the course of the year which was 18% increase from previous year.

UNDERGROUND

Production at 3Main Underground Mine was impacted by a major breakdown on the continuous miner which had to be taken out of the mine for major repairs. The continuous miner is approaching its end of life and will be due for replacement.

Consequently, the Underground mine Run of Mine (RoM) coal production during the year was 136,137t, against a budget of 360,000t. This was a 49% decrease in production from the previous year.

A new sandvik LHD was acquired to compliment production.

PROJECTS

The company has put to public tender the resuscitation of the old Coke battery as well as construction of a new Greenfield coke battery.

Preparatory works for exploration and development of the Lubimbi East and West coal fields are commencing, as are 3main Underground infill exploration works.

The company is also looking at beneficiation of old slurry dumps to generate power from low scale generating units using coal gasification technology.

Conveyor interlock and communication system for the underground mine was partially commissioned. Full commissioning will be done when the control voltage transformers are acquired.

Change house construction project for the underground mine has not been completed and is expected to be completed in 2021.

PROCESING - METALLURGICAL OPERATIONS AND LOGISTICS

A total of 642 197 tons raw coal was processed at both Chaba and No 2 plants against a target of 1 410 396 tons which is 46% attainment of the target.

Focus during the year was on major repair works to the HPS Plant, which has since been commissioned in 2021. The jig and floatation plant and wet screens plant also require repair works, although critically, focus on processing efficiencies as well as latest methods is now key.

ESTATES DIVISION PERFORMANCE

The Division has four revenue streams, namely, Real Estate, Retail, Hospitality and Education. Revenue for the year increased by 712% from \$32,539,743 in 2019 to \$263,221,054 in 2020. Real Estate accounted for 80% of revenues as other streams suffered from the effects of Covid19-induced restrictions.

Total costs in 2020 were 794% higher than in 2019 at \$269,182,079 as a result of the increase in labour costs, power costs and legacy cost adjustments. Net loss for the year was \$4,122,004 compared to a profit of \$2,324,748 in the previous year.

Actions to improve the Division's performance will include:

- Increasing commercial space by engaging in BOOT arrangements with potential investors;
- Stringent debt collection to boost cashflows;
- Refurbishment of retail facilities to improve customer experience; and
- Diversification of product ranges.

Planned projects were slowed down mainly by Covid19-induced restrictions. The Division undertook the Zimbabwe Open University Hwange Campus project and undertook major repairs on employee housing.

MEDICAL SERVICES DIVISION.

Financial year 2020 revenue was 776% higher than Financial Year 2019. Revenue for 2020 was \$56.7M compared to \$6.4M in 2019. This was due to two upward reviews of national medical services tariffs during the year in response to the inflationary environment.

A provisional cumulative loss of \$9.55M was recorded for the financial year 2020 compared to a loss of \$4.2M in 2019. The loss was a result of local currency depreciation, increased input costs as well as salary adjustments.

Revenue performance was 87% above budget. Expenditure was pushed up by inflation and costs of consumables and sundries and establishment and equipping of an Isolation Centre to combat Covid19. The Employee Wellness Programme spearheaded by the Division in 2019 was successfully rolled out into 2020. After the December 2020 programme, the plans for 2021 were put in place to be implemented after lifting of lockdown restrictions. This will change the programme from an event into a continuous wellness process

COVID19.

Covid19 hit the country with lockdowns enforced from March 2020 to year end. The Company procured all required PPE, chemicals and detergents. One clinic, Number 1 North was converted into an infectious diseases isolation centre and all required equipment was procured and commissioned. All Covid-19 cases managed by the Medical Services Division recovered (100% recovery rate). There was strict enforcement and compliance with laid down protocols as set by the Government of Zimbabwe and the World Health Organisation.

Patient Management System

A Patient Management and Administration software system [PMS] acquired to manage the Billing and Management Information was implemented. The system has however not bedded down well as the vendor did not come in for implementation as contractually agreed but left everything to HCCL ICT who had to learn the system as they implemented it.

Staff Training and Development

All professional staff with professional practicing licences expiring December 2020 were renewed for 2021. Most continuing professional development (CPD) points were amassed through webinars and online workshops due to Covid19 lockdown measures which precluded face to face training and workshops. In-House/in service training, was severely curtailed because of lock down restrictions and work arrangements reducing staff numbers at work at any given time.

By year end, there were 91 students in training at the School of Nursing. 22 students completed their RGN course successfully.

LEGAL AND REGULATORY

As a good corporate citizen the company endeavours to meet national and regional laws and regulations. The areas of interest are safety, competition, corporate governance, listing and disclosures, environment, labour and taxation. The Company's reputation is exposed if compliance with laws and regulations are not adhered to. The Company and or its officers have to be protected from penalties or criminal sanctions by conducting its business within the confines of the laws and regulations. During the year under review, Following its placement under administration in terms of the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] ("the Reconstruction Act"), there were no board meetings. To ensure good corporate governance and statutory compliance, the company has established policies and procedures regulating its processes.

HUMAN RESOURCES, TRAINING AND SKILLS DEVELOPMENT

As at December 2020 the global staff complement stood at 1950 compared to 2022 that was there is December 2019. The company progressed well on clearing the scheme of arrangement legacy debt, tremendous progress was also done on the payments of the back pays and employees were timeously paid their monthly salaries which led to a harmonious industrial relations climate. The introduction of the payment of a hybrid salary of the of the Zimbabwean dollar[ZWL] salaries with a USD component further boosted the morale of the employees.

Despite the economic challenges, employees maintained peace and harmony and hence remained positive and hopeful about the company's turnaround programme. Engagements between Management and employees' leadership continued to be done through various channels of communication. The company continued to invest in manpower training and development through apprenticeship and nurse training. Hwange Colliery has always taken pride in its capacity and capability to provide training to youths. A combined total of 196 youths were trained as student nurses and apprentices. There were no Graduate learners during the year under review as they were projections to recruit them in the First Quarter of 2021.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company continues on its scaled down approach to fragmented Corporate Social Responsibility (CSR), and is focused on production and business sustainability.

Local community support included:

- providing support and accommodation at its guest units to flash floods victims in Hwange, as well as providing disaster management technical guidance to the Civil Protection Unit (CPU) in early 2020;
- Borehole constructions and repairs in the community, as well as provision of clean water to residents of the town;
- handover of poultry projects start-up capital, inputs, ancillary equipment and infrastructure to wives of workers at Lusumbami and Makwika village sites;
- Various support towards the Covid-19 intervention initiatives including expertise in the Hwange District taskforce for the refurbishment of the District Hospital into a COVID-19 isolation centre and a Covid-19 Rapid Response Team to the entire district;
- donations to a number of organisations including those affected by COVID-19;
- Various donations in cash and kind to local community initiatives, and vulnerable groups; and
- A National Tree Planting day as part of Environmental Corporate Social Responsibility.

IMPROVED EFFICIENCIES AND COMPETITIVENESS

As the Company increases the thrust on the core business of mining, it will also look at ways of allowing other entities and mining companies within the concession to assist in the running of town services such as road maintenance, electrical power distribution and sewage treatment. The adoption of enterprise resource planning systems to automate the administration of the business will also improve efficiencies and lower the cost per ton of coal produced.

CONCLUSION

I would like to express my gratitude to the administration team, management and Staff for their collective efforts and dedication to the Company.

DR C. ZINYEMBA
ACTING MANAGING DIRECTOR

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2020

	Notes	Inflation Adjusted		Historical	
		2020 ZWL 000	2019 ZWL 000	2020 ZWL 000	2019 ZWL 000
Revenue	5	4 468 640	3 954 207	3 050 637	422 229
Cost of sales		(3 450 666)	(2 060 379)	(2 579 805)	(239 913)
Gross profit		1 017 974	1 893 828	470 832	182 316
Other income	7	118 261	25 460	112 553	2 286
Other gains and losses	8	(1 082 611)	(1 275 560)	(1 052 792)	(256 742)
Marketing costs		(17 078)	(14 020)	(11 586)	(1 301)
Administrative costs		(755 623)	(591 082)	(572 790)	(77 275)
Gain on net monetary position		1 957 682	10 142 541	-	-
Operating profit/loss before interest and tax		1 238 605	10 181 167	(1 053 783)	(150 716)
Finance costs	9	(48 648)	(259 630)	(28 499)	(19 024)
Share of profit/(loss) from equity accounted investments	10	2 843	-	1 390	-
Profit/(loss) before tax	11	1 192 800	9 921 537	(1 080 892)	(169 740)
Income tax credit/[expense]	12	441 157	(2 989 839)	441 157	78 632
PROFIT/LOSS FOR THE YEAR		1 633 957	6 931 698	(639 735)	(91 108)
Other comprehensive income:					
Gain on revaluation property, plant and equipment		192 634	-	8 668 517	2 380 202
Tax effect of revaluation		(47 619)	-	(2 142 857)	(588 386)
		145 015	-	6 525 660	1 791 816
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 778 972	6 931 698	5 885 925	1 700 708
Attributable profit/(loss) per share					
- basic	13.1	9.68	37.73	(3.48)	(0.50)
- diluted	13.2	8.89	37.73	(3.48)	(0.50)
Headline profit/(loss) per share					
- basic	13.3	8.87	37.14	(3.50)	(0.52)
- diluted	13.4	8.87	37.14	(3.50)	(0.52)



Hwange Colliery Company Limited

ABRIDGED AUDITED

FINANCIAL RESULTS

For the year ended 31 December 2020

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

Notes	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
ASSETS				
Non current assets				
Property, plant and equipment	14	11 160 545	11 097 866	11 160 545
Investment property	15	722 088	360 341	442 075
Investments accounted for using the equity method	16	414 565	411 722	16 167
Intangible assets	17	4 119	4 769	53
Inventories - non current portion	18	263 128	128 173	6 545
Stripping activity asset	19	-	40 994	-
		12 564 445	12 043 865	11 625 385
				2 576 712
Current assets				
Inventories	20	663 295	663 387	558 404
Trade and other receivables	21	520 728	575 073	520 728
Cash and cash equivalents	23	63 774	51 053	63 774
		1 247 797	1 289 513	1 142 906
				228 955
Total assets		13 812 242	13 333 378	12 768 291
				2 805 667
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	24	2 022 422	2 022 422	45 962
Share premium		22 966	22 966	578
Non-distributable reserve		191 778	191 778	4 358
Revaluation reserve		145 015	-	8 357 425
Retained earnings/(Accumulated losses)		5 517 367	3 883 411	(1 167 879)
		7 899 548	6 120 577	7 240 444
				1 354 518
Non current liabilities				
Finance lease liability	25.1	-	1 794	-
Borrowings	26	187 496	806 074	187 496
Long term creditors	27	1 835 774	2 461 053	1 835 774
Income tax liability	28	10 055	45 105	10 055
Deferred tax liability		2 596 301	2 989 839	2 211 454
		4 629 626	6 303 865	4 244 779
				1 248 527
Current liabilities				
Finance lease liability	25.1	-	2 365	-
Borrowings	26	150 031	-	150 031
Trade and other payables	27	824 059	791 514	824 059
Provisions	29	308 978	115 057	308 978
				25 648
		1 283 068	908 936	1 283 068
				202 622
Total equity and liabilities		13 812 242	13 333 378	12 768 291
				2 805 667

STATEMENT OF CASHFLOWS

as at 31 December 2020

Notes	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		1 192 800	9 921 537	(1 080 892)
				(169 741)
Adjustment for non-cash items:				
Foreign exchange gain/(loss)		1 444 357	336 792	1 414 539
Insurance claim	7	-	(120)	-
Finance costs	9	48 648	85 336	28 499
Impairment of assets (reversal)	14	-	(26 891)	-
Depreciation	14	317 528	46 762	157 107
Fair value adjustment on investment property		(361 747)	(340 200)	(361 747)
Share of (profit)/loss from equity accounted investments		(2 843)	-	(1 390)
Amortisation	17	435	955	213
Allowance for credit losses		120 447	-	120 447
Gain/(loss) on net monetary position		(1 957 682)	(1 10 142 541)	-
Operating cash flow before changes in working capital		801 943	(1 118 369)	107 930 384
				276 776
Changes in working capital:				
(Increase) in inventory		(960 379)	(1 320 775)	(1 469 680)
Decrease in stripping activity asset		1 471	-	1 471
(Decrease) in receivables		(802 629)	(1 431 911)	(1 392 531)
Increase in provisions		579 340	42 557	283 330
Increase/(decrease) in trade and other payables		1 324 206	362 986	647 612
				80 918
Cash utilised in operating activities		943 952	(1 465 512)	346 978
				33 254
Interest paid		(21 541)	-	(10 537)
				-
Net cash flows utilised in operating activities		922 411	(1 465 512)	336 441
				33 254
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment		(1 187 574)	(1 211 578)	(1 175 166)
				(18 061)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease)/increase in long-term creditors		(470 565)	50 866	(230 129)
Proceeds from borrowings		209 603	28 522	197 765
Repayment of borrowings		(256 207)	(1 103 494)	(1 76 518)
				(23 071)
Net cash flows generated from financing activities		(517 169)	(24 106)	(1 108 882)
				(5 374)
Net decrease in cash and cash equivalents		217 668	(1 701 196)	52 393
Cash and cash equivalents at beginning of the year		11 381	7 010	11 381
Effects of inflation		(165 275)	745 239	-
Cash and cash equivalents at end of year	23	63 774	51 053	63 774
				11 381

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

Balance at 1 January 2019
Transfer to retained earnings
Other comprehensive income, net of tax-
Profit for the year

Balance at 31 December 2019
Balance at 1 January 2020
Other comprehensive income, net of tax
Profit for the year
Balance at 31 December 2020

Balance at 1 January 2019
Effect of change in functional currency
Loss for the year
Other comprehensive income, net of tax
Balance at 31 December 2019

Balance at 1 January 2020
Effect of change in functional currency
Loss for the year
Other comprehensive income, net of tax
Balance at 31 December 2020

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

for the year ended 31 December 2020

1 NATURE OF OPERATIONS AND GENERAL INFORMATION

Hwange Colliery Company Limited is a Company whose principal activities include extraction, processing and distribution of coal and coal products and provision of health services and various retail goods and services. Its activities are split into the following three (3) areas:

- Mining - the extracting, processing and distribution of coal and coal products.
- Medical services - provides healthcare to staff members and the surrounding community.
- Estates - the division provides properties for rental and sell retail goods and services.

The Company is a limited liability Company incorporated and domiciled in Zimbabwe. It is listed primarily on the Zimbabwe Stock Exchange (ZSE), and has secondary listing on the Johannesburg Stock Exchange (JSE) and London Stock Exchange (LSE).

The company's financial statements were authorised for issue by the 26 May 2021.

Presentation currency
These financial statements are presented in Zimbabwean Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Company operates.

2 Statement of compliance

The abridged financial results of the Company have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Company latest annual financial statements. The Company partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019.

IAS 29 'Financial Reporting in Hyper -Inflationary Economies'

The Company adopted IAS 29 - "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors unused to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

Date	Indices	Conversion Factor
31 December 2020	2474.51	1.000
31 December 2019	551.63	4.486

3 Changes in accounting policies

3.1 New and revised standards and interpretations

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Standards issued but not yet effective

IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

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

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships

IFRS 3 Business Combinations: Definition of Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input, and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

4 Summary of accounting policies

4.1 Overall considerations

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below:

4.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost, except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Company's financial statements, all assets, liabilities and transactions of the entities with a functional currency other than the ZWL, are translated into ZWL.

4.3 Investment in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost. The company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The carrying amount of the investments is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of the assets and liabilities.

INFLATION ADJUSTED					
Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Revaluation reserve ZWL	Retained earnings/(Accumulated) losses ZWL	Total ZWL
2 022 422	22 966	191 778	(1 658 455)	-	578 711
-	-	-	1 658 455	(1 658 455)	-
-	-	-	-	(1 389 832)	(1 389 832)
-	-	-	-	6 931 698	6 931 698
2 022 422	22 966	191 778	-	3 883 411	6 120 577
2 022 422	22 966	191 778	-	3 883 411	6 120 577
-	-	-	145 015	-	145 015
-	-	-	-	1 633 957	1 633 957
2 022 422	22 966	191 778	145 015	5 517 368	7 899 549
HISTORICAL					
45 962	578	4 358	39 949	(1 380 872)	(1 290 025)
-	-	-	-	(1 56 165)	(1 56 165)
-	-	-	-	(1 91 108)	(1 91 107)
-	-	-	1 791 816	-	1 791 816
45 962	578	4 358	1 831 765	(1 528 145)	1 354 518
45 962	578	4 358	1 831 765	(1 528 144)	1 354 518
-	-	-	-	-	-
-	-	-	-	(1 639 734)	(1 639 734)
-	-	-	6 525 660	-	6 525 660
45 962	578	4 358	8 357 425	(1 167 879)	7 240 444

Unrealised gains/losses on transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.4 Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

4.4.1 Sale of goods

Revenue represents sales of coal and related products and is recognised after the following:

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

- Identifying the contract with the customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transactional price to the performance obligations
- Recognising revenues when/as performance obligation(s) are satisfied.

4.4.2 Dividend income

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

4.4.3 Interest income

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

4.4.4 Rendering of services

Revenue from the rendering of services from the hospital, estates and investment property is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

5 REVENUE

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Mining	4 108 491	3 649 509	2 857 210	395 001
Medical services	85 486	56 518	56 034	5 750
Estates	274 663	248 180	137 393	21 478
	4 468 640	3 954 207	3 050 637	422 229

6 SEGMENT REPORTING

For management purposes, the Company is organised into divisions based on its products and services and has three reportable segments, as follows:

- The Mining Division, which mines and sells coal and coal products;
- The Medical services Division, which provides medical services; and
- The Estates Division, which leases property owned by the company.

No operating segments have been aggregated to form the above reportable operating segments.

Segment information for the reporting period is as follows:

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
The Company's revenues from external customers are divided into the following geographical areas:				
Sales within Zimbabwe	4 364 050	3 866 107	2 966 797	412 815
Sales elsewhere in Sub-Saharan Africa	104 590	88 100	83 841	9 413
Total revenue	4 468 640	3 954 207	3 050 638	422 228

7 OTHER INCOME

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Insurance claims	-	71	-	27
Rental income	3 072	14 811	1 145	1 108
Sale of scrap metal	5 269	2 925	4 296	223
Sundry income	109 920	7 453	107 112	928
	118 261	25 460	112 553	2 286

8 OTHER GAINS AND LOSSES

Fair value adjustment on investment property	361 747	235 235	361 747	75 838
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9 FINANCE COSTS

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Interest on loans and overdrafts	48 648	259 070	28 499	18 899
Interest on leases	-	560	-	125
	48 648	259 630	28 499	19 024

Interest on loans and overdraft comprise of interest charged on the Government of Zimbabwe treasury bills at a rate of 7% per annum , ZAMCO and EXIM loan and finance lease facilities at an interest rate of 7% and LIBOR + 3.5% per annum respectively.

10 Share of Profit/(Loss) From Equity Accounted Investments

Included in this amount is the Company's share of loss after tax from:

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Clay Products (Private) Limited	2 843	-	1 390	-
Zimchem Refineries(Private) Limited	-	-	-	-
Hwange Coal Gasification Company	-	-	-	-
	2 843	-	1 390	-

The share of profit of Zimchem Refiners (Private) Limited for 31 December 2019 amounting to ZWL7 927 000 was not recorded in these financial statements as the cumulative share of losses exceed the carrying amount of the investment in the associate.

Audited financial information for Hwange Coal Gasification Company and Clay products (Private) Limited was not available at the date of publication.

11 Profit/(loss) before tax

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Expected credit losses	120 447	12 546	120 447	2 797
Amortisation	435	8 785	213	213
Audit fees	6 254	20 260	4 166	1 560
Depreciation on property, plant and equipment (note 14)	317 528	148 388	157 106	10 424
Impairment of assets (note 14)	-	(14 2112)	-	(5995)
Directors' emoluments:	-	-	-	-
- Executive Directors	11 618	11 570	4 704	565
Administrator's fees	134 059	118 626	91 519	12 667
Employee benefits expense (note 11.1)	1 541 014	984 516	519 210	48 593

11.1 Employee benefits expense

Salaries and other contributions	1 011 344	684 168	494 605	46 481
Contribution to Mining Industry Pension Fund	522 937	293 727	21 312	1 663
Contribution to National Social Security Authority	6 733	6 621	3 293	450
	1 541 014	984 516	519 210	48 594

Employee benefit expense amounting to ZWL 328 038 319 (2019: ZWL 24 792 085) was charged directly to cost of sales. In the inflation adjusted accounts, an amount of ZWL 950 373 786 (2019: ZWL 502 294 505) was charged to cost of sales.

12 Income Tax

Current tax	-	-	-	-
Deferred tax	(441 157)	2 989 839	(441 157)	(78 632)
Income tax (credit)/expense	(441 157)	2 989 839	(441 157)	(78 632)

13 Earnings/(loss per share)

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000

13.1 Basic

Earnings/(loss) attributable to shareholders	1 778 972	6 931 698	(639 735)	(91 107)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Basic earnings/(loss) per share	9.68	37.73	(3.48)	(0.50)

Basic earnings/(loss) per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

13.2 Diluted

For earnings/(loss) per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares being share options granted to employees.

The earnings/(loss) used in the calculation of all diluted loss per share measures are the same as those for the equivalent basic loss per share measures, as outlined above.

In the diluted earnings/(loss) per share the share options calculation is done to determine the number of shares that could have been acquired (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution; for the share option calculation no adjustment is made to earnings/(loss).

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Earnings/(loss) used to determine diluted earnings/(loss) per share	1 633 957	6 931 698	(639 735)	(91 107)
Weighted average number of ordinary shares in issues	183 721	183 721	183 721	183 721
Diluted earnings/(loss) per share	8.89	37.73	(3.48)	(0.50)

13.3 Earnings/(loss) per share

Headline earnings/(loss) per share excludes all items of a capital nature and represents an after tax amount. It is calculated by dividing the headline earnings/(loss) shown below by the number of shares in issue during the year:

	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
IAS 33 -Profit/(loss) for the year	1 633 957	6 931 698	(639 735)	(91 107)
Non - recurring items:				
Proceeds on sale of scrap	(5 269)	(2 925)	(4 296)	(223)
Impairment of assets/(reversal)	-	(142 112)	-	(5 995)
Stripping activity asset impairment	-	-	-	-
Loss on disposal of Treasury Bills	-	-	-	-
Tax effect of the above	1 304	37 347	1 063	1 601
Headline profit/(loss)	1 629 992	6 824 008	(642 968)	(95 724)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Headline earnings/(loss) per share	8.87	37.14	(3.50)	(0.52)

13.4 Diluted headline earnings/(loss) per share

Earnings/(loss) used to determine diluted headline loss per share	1 629 992	6 824 008	(642 968)	(95 724)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Diluted headline loss per share	8.87	37.14	(3.50)	(0.52)

14 Property, plant and equipment

	Inflation Adjusted				
	Freehold land and buildings	Plant, machinery and movables	Motor vehicles	Capital work in progress	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Year ended 31 December 2020					
Cost/ gross carrying amount					
Balance at 1 January	8 222 480	3 389 880	143 219	38 783	11 794 362
Revaluation	137 052	53 753	1 829	-	192 634
Additions	-	84 351	29 674	73 549	187 574
Balance as at 31 December	8 359 532	3 527 984	174 722	112 332	12 174 570
Depreciation and impairment					
Balance at 1 January	175 804	495 611	14 534	10 547	696 496
Depreciation charge for the year	106 223	197 922	13 384	-	317 529
Balance as at 31 December	282 027	693 533	27 918	10 547	1 014 025
Carrying amount as at 31 December	8 077 505	2 834 451	146 804	101 785	11 160 545

Year ended 31 December 2019

Cost/ gross carrying amount					
Balance at 1 January	8 222 480	3 224 952	111 595	23 757	11 582 784
Additions	-	164 928	31 149	15 501	211 578
Reclassification of assets	-	-	475	(475)	-
Balance as at 31 December	8 222 480	3 389 880	143 219	38 783	11 794 362

Depreciation and impairment					
Balance at 1 January	141 480	528 198	9 995	10 547	690 220
Depreciation charge for the year	34 324	109 525	4 539	-	148 388
Impairment	-	(142 112)	-	-	(142 112)
Balance as at 31 December	175 804	495 611	14 534	10 547	696 496

Carrying amount at 31 December	8 046 676	2 894 269	128 685	28 236	11 097 866
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	Historical				
	Freehold land and buildinogs	Plant, machinery and movables	Motor vehicles	Capital work in progress	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Year ended 31 December 2020					
Cost/gross carrying amount					
Balance at 1 January	1 832 979	755 682	31 928	8 645	2 629 234
Additions	-	75 172	26 445	73 549	175 166
Revaluation	8 556 117	16 358	96 042	-	8 668 517
Balance as at 31 December	10 389 096	847 212	154 415	82 194	11 472 912
Depreciation and impairment					
Balance at 1 January	39 191	110 483	3 240	2 351	155 265
Depreciation charge for the year	52 557	97 928	6 622	-	157 107
Balance as at 31 December	91 748	208 411	9 862	2 351	312 372
Carrying amount at 31 December	10 297 348	638 801	144 553	79 843	11 160 545

Year ended 31 December 2019

Cost/ gross carrying amount					
Balance at 1 January	102 834	119 513	3 328	5 296	230 971
Additions	-	12 433	2 173	3 455	18 061
Revaluation	1 730 145	623 736	26 321	-	2 380 202
Reclassification of assets	-	-	106	(106)	-
Balance as at 31 December	1 832 979	755 682	31 928	8 645	2 629 234

Depreciation and impairment					
Balance at 1 January	36 780	108 784	2 921	2 351	150 836
Depreciation charge for the year	2 411	7 694	319	-	10 424
Impairment	-	(5 995)	-	-	(5 995)
Balance as at 31 December	39 191	110 483	3 240	2 351	155 265

Carrying amount at 31 December	1 793 788	645 199	28 688	6 294	2 473 969
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14.1 Leases

The Company had certain property that was held under a lease arrangement as at 31 December 2019. The lease agreement came to an end during the year ended 31 December 2020, and the property was transferred to freehold land and buildings. Future minimum lease payments at 31 December were as follows:

	Inflation Adjusted			
	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2020				
Principal repayments	-	-	-	-
Finance charges accrued	-	-	-	-
Total	-	-	-	-
31 December 2019				
Principal repayments	2 692	449	1 346	4 486
Finance charges accrued	(326)	-	-	(326)
Total	2 366	449	1 346	4 160

	Historical			
	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2020				
Principal repayments	-	-	-	-
Finance charges accrued	-	-	-	-
Total	-	-	-	-
31 December 2019				
Principal repayments	600	100	300	1 000
Finance charges accrued	(73)	-	-	(73)
Total	527	100	300	927

The lease agreement includes fixed lease payments and a purchase option at the end of the lease term. The agreements are non-cancellable but do not contain any further restrictions.

No contingent rents were recognised as an expense in the reporting periods under review, and no future sublease income is expected to be received as all assets are used exclusively by the Company.

15 Investment property

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Valuation at 1 January	360 341	125 106	80 328	4 490
Fair value gains (included in other gains and losses)	361 747	235 235	361 747	75 838
At 31 December	722 088	360 341	442 075	80 328

15.1 The following amount has been recognised in the statement of comprehensive income:

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Rental income	3 072	14 811	1 145	1 108

16 Investments accounted for using the equity method

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Investments in associates (note 16.1)	3 498	655	1 414	24
Investments in joint venture (note 16.2)	411 067	411 067	14 753	14 753
	414 565	411 722	16 167	14 777

16.1 Investments in associates

Carrying amount as at 1 January	655	655	24	24
Share of profit/	2 843	-	1 390	-
Carrying amount as at 31 December	3 498	655	1 414	24

The Company holds a 49% voting and equity interest in Clay Products (Private) Limited. Hwange Colliery Company Limited also holds a 44% voting and equity interest in Zimchem Refineries (Private) Limited. The investments are accounted for under the equity method.

The shares are not publicly listed on a stock exchange and hence published price quotes are not available. The aggregate amounts of certain financial information of the associates can be summarised as follows:

16.2 Investment in joint venture

	Inflation Adjusted		Historical	
	2020	2019	2020	2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Carrying amount as at 31 December	411 067	411 067	14 753	14 753

17 Intangible assets

	Inflation Adjusted			
	Exploration and evaluation asset ZWL'000	Mining rights ZWL'000	ERP development and other software ZWL'000	Total ZWL'000
/ Gross carrying amount				
Balance at 1 January 2020	215	5 573	56 524	62 312
Additions	-	-	-	-
Balance at 31 December 2020	215	5 573	56 524	62 312
/ Impairment and impairment reversal				
Balance at 1 January 2020	-	5 181	52 362	57 543
Impairment	-	20	414	434
Reversal of impairment	215	-	-	215
Balance at 31 December 2020	215	5 201	52 776	58 192
/ Gross carrying amount 31 December 2020				
	-	372	3 748	4 120
/ Gross carrying amount				
Balance at 1 January 2019	215	5 573	56 524	62 312
Additions	-	-	-	-
Balance at 31 December 2019	215	5 573	56 524	62 312
/ Impairment and impairment reversal				
Balance at 1 January 2019	-	4 768	43 990	48 758
Impairment	-	413	8 372	8 785
Balance at 31 December 2019	-	5 181	52 362	57 543
/ Gross carrying amount 31 December 2019				
	215	392	4 162	4 769



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18 Inventories - non current portion

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2019 ZWL'000	2020 ZWL'000
Balance at 1 January	217 650	245 411	8 117	8 808
Additions to stockpiles	-	-	-	-
Sales	(8 497)	(27 761)	(948)	(691)
Balance at 31 December	209 153	217 650	7 169	8 117

Balance at end of year is classified as follows:

Non-current portion	263 128	128 173	6 545	5 892
Current portion (included in inventories note 20)	69 511	89 478	1 729	2 226
	332 639	217 651	8 274	8 118

The Company accumulated coal fines over the years for which an active market was identified in 2009. Coal fines in excess of the average annual uptake of the product have been classified as non-current assets.

19. Stripping activity asset

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance at 1 January	40 994	40 994	1 471	1 471
Current year pre-stripping costs	-	-	-	-
Provision for impairment	(40 994)	-	(1 471)	-
Balance at 31 December	-	40 994	-	1 471

Balance at end of year allocated as follows:

Non-current assets	-	40 994	-	1 471
Current assets	-	-	-	-
Balance at end of year	-	40 994	-	1 471

20 Inventories

	Inflation Adjusted		Historical	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Raw materials/consumables	127 478	268 327	90 369	19 030
Finished goods	-	-	-	-
- Coal	466 306	305 582	466 306	68 121
- Coal fines (note 18)	69 511	89 478	1 729	2 226
	663 295	663 387	558 404	89 377

During the year ended 31 December 2020, a total of ZWL 29 733 976 (2019: ZWL 1 385 212) worth of inventories was included in profit and loss as an expense resulting from write down of inventories to net realisable value.

No reversal of previous write-downs was recognised as a reduction of expense in 2020: nil (2019: nil)

21 Trade and other receivables

Trade receivables, gross	574 972	491 872	574 972	109 650
Allowance for credit losses	(147 840)	(122 880)	(147 840)	(27 393)
Trade receivables, net	427 132	368 992	427 132	82 257
Other receivables	93 596	206 081	93 596	45 940
	520 728	575 073	520 728	128 197

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Included in trade receivables is an amount of ZWL 21 539 736 (2019: ZWL 1 319 923) relating to related party receivables (note 22.2).

The Company adopted IFRS 9 "Financial instruments" from 1 January 2018 which resulted in changes in the accounting policy on trade receivables. The Company elected to apply the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, the credit risk and credit profile of each receivable was considered on an individual basis.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an increase in allowance for credit losses of ZWL 120 447 069 (2019: ZWL 2 796 999) has been recognised.

The movement in the allowance for credit losses can be reconciled as follows:

Balance 1 January	27 393	110 334	27 393	24 596
Increase in allowance for credit losses	120 447	12 546	120 447	2 797
Balance 31 December	147 840	122 880	147 840	27 393

The table below describes the credit loss allowance recognised on balance sheet.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Gross carrying amount	131 824	115 386	85 563	65 155	177 044	574 972
Average expected loss rate	18.3%	6.6%	17.5%	2.9%	82%	25.7%
Credit loss allowance	8 006	7 597	13 332	1 753	117 152	147 840

22 Related party balances and transactions

Included in the trade receivable and trade payable balances are related party balances that resulted from transactions that occurred between Hwange Colliery Company Limited and its related parties.

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Related party receivables:				
Hwange Coal Gasification Company	21 304	5 849	21 304	1 304
Clay Products (Private) Limited	-	62	-	14
Zimchem Refineries (Private) Limited	236	10	236	2
	21 540	5 921	21 540	1 320

Related party payables:

Hwange Coal Gasification Company	4 339	19 463	4 339	4 339
Zimchem Refineries (Private) Limited	263	95	263	21
	4 602	19 558	4 602	4 360

23 Cash and cash equivalents

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000

For purposes of statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts.

Bank and cash balances	63 774	51 053	63 774	11 381
Bank overdrafts	-	-	-	-
	63 774	51 053	63 774	11 381

24 Share capital and reserves

204 000 000 Ordinary shares of ZWL0.25 each	2 244 065	2 244 065	51 000	51 000
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Issued and fully paid

110 237 432 Ordinary shares of ZWL0.25 each	1 212 647	1 212 647	27 559	27 559
5 925 699 Ordinary shares issued under share option scheme	66 620	66 620	1 514	1 514
67 557 568 "A" Ordinary shares of ZWL0.25 each	743 155	743 155	16 889	16 889
	2 022 422	2 022 422	45 962	45 962

25 Lease liability

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2019 ZWL'000	2020 ZWL'000
Non-current	-	1 794	-	400
Current	-	2 365	-	527
	-	4 159	-	927

The lease liability carrying amount is disclosed as follows:

25.1 OK Zimbabwe

Long term portion	-	1 794	-	400
Add: Short term portion	-	2 365	-	527
	-	4 159	-	927

Lease liability

Principal	-	4 486	-	1 000
Repayment/(Finance charges capitalised)	-	(326)	-	(73)
	-	4 160	-	927

This OK Zimbabwe lease is a Build Operate and Transfer agreement for the establishment of a super-market building which OK Zimbabwe funded the construction of the building for its own occupation for a period of nine years and eleven months. The estimated cost of construction is ZWL 1 000 000 and the interest rate is 10 % per annum.

26 Borrowings

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000

26.1 LONG TERM LOANS

Reserve Bank of Zimbabwe	4 171	-	4 171	-
Government of Zimbabwe	167 850	728 089	167 850	162 308
Zimbabwe Asset Management Corporation (ZAMCO)	15 475	77 985	15 475	17 385
	187 496	806 074	187 496	179 693
Less current portion of loan	-	-	-	-
	187 496	806 074	187 496	179 693

26.2 Short term loans

Loinette	39 365	-	39 365	-
CBZ	57 444	-	57 444	-
Pick n Pay	53 222	-	53 222	-
	150 031	-	150 031	-

26.3 Borrowing terms

Export Import Bank of India (EXIM)

This is a USD 13 005 760 (principal and interest) loan guaranteed by the Reserve Bank of Zimbabwe, taken for the purposes of financing the purchase of coal mining equipment. Interest is charged at a rate of LIBOR + 3.5 % p.a. The Government of Zimbabwe took over the loan in February 2019.

Government of Zimbabwe

As part of the ongoing restructuring plan, the Government of Zimbabwe through the Ministry of Finance and Economic Development issued treasury bills of USD 41 million and USD 18.216 million in settlement of the Mota Engil and RBZ/PTA Bank loan, respectively. The Government of Zimbabwe has agreed that the Government support be treated as a loan payable over 15 years with a 7% interest per annum in accordance with the provisions of the scheme of arrangement.

An additional USD 52.3 million worth of treasury bills were issued towards the Scheme of Arrangement bringing the total support from the Government of Zimbabwe to USD 111.5 million worth of treasury bills, as approved by the Ministry of Finance and Economic Development.

27 TRADE AND OTHER PAYABLES

	Inflation Adjusted		Historical	
	2020 ZWL'000	2019 ZWL'000	2019 ZWL'000	2020 ZWL'000

Trade and other payables- Long term

Trade	1 835 774	2 086 405	1 835 774	465 107
Other	-	374 648	-	83 518
	1 835 774	2 461 053	1 835 774	548 625

Trade and other payables- Current

Trade	482 721	470 488	482 721	104 883
Other	341 338	321 026	341 338	71 564
	824 059	791 514	824 059	176 447

28 INCOME TAX LIABILITY

Balance at 1 January	10 055	45 105	10 055	10 055
Movement	-	-	-	-
Balance at 31 December	10 055	45 105	10 055	10 055

29 Provisions

Provision for rehabilitation (note 30.1)	181 870	58 627	181 870	13 069
Other provisions (note 30.2)	127 108	56 430	127 108	12 579
	308 978	115 057	308 978	25 648

29.1 Provision for rehabilitation

At 1 January	13 070	38 954	13 070	8 684
Charged to profit or loss:				
Additional provisions made during the year	168 800	19 673	168 800	4 386
Amounts used during the year	-	-	-	-
At 31 December	181 870	58 627	181 870	13 070

The Company has an obligation to undertake rehabilitation and restoration when environmental disturbance is caused by the ongoing mining activities. The provision for rehabilitation costs recognised in these financial statements relates to previously mined areas.

The rehabilitation provision included in the financial statements is an estimate of the cost that will be incurred for the rehabilitation and restoration of the environment. The Directors are aware of the Company's responsibility for the rehabilitation and restoration of the environment and have come up with an estimate of the costs that would be incurred to rehabilitate and restore the mined areas.

29.2 Other provisions

Death benefits	15 224	21 985	15 224	4 901
Leave pay and bonus provisions	111 884	34 444	111 884	7 678
	127 108	56 429	127 108	12 579

AUDITOR'S STATEMENT

These summary financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe), in accordance with International Standards on Auditing.

The auditors have issued an adverse audit opinion on the inflation adjusted financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies, going concern, financial results of equity accounted investments, and the revenue streams and inventory for some of the divisions in the Company.

The Auditors have included a section on key audit matters. The key audit matters were with respect to the allowances for credit losses and income taxes. There is an emphasis of matter regarding the impact of COVID-19 pandemic on the Company's operations. The auditor's report on the inflation adjusted financial statements which form the basis of these financial results is available for inspection at the Company's registered office.

The Engagement Partner on the audit resulting in this auditor's report is Farai Chibisa (PAAB Number 0547).