

Statement of financial position

As at 30 September 2023

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	3 039 071 724	1 843 363 765	504 078 840	33 068 548
Deferred tax asset	11	-	-	1 018 554 397	154 945 844
		3 039 071 724	1 843 363 765	1 522 633 237	188 014 392
<b>Current assets</b>					
Inventories	7	69 339 605 120	34 081 763 765	39 580 604 016	5 318 397 448
Trade and other receivables	8	23 630 334 089	7 530 180 997	23 309 851 620	2 076 167 491
Cash and bank balances	9	2 689 649 900	2 028 746 127	2 689 649 900	576 723 908
Income tax asset	14	871 074 748	-	871 074 748	-
		96 530 663 857	43 640 690 889	66 451 180 284	7 971 288 847
<b>Total assets</b>		99 569 735 581	45 484 054 654	67 973 813 521	8 159 303 239
<b>EQUITY AND LIABILITIES</b>					
<b>Share capital and reserves</b>					
Share capital	10.2	231 057	231 050	338	336
Share premium	10.2	705 337 921	620 883 526	67 458 818	32 248 821
Share option reserve	10	1 295 636 675	883 663 977	375 936 001	38 399 999
Retained earnings		63 592 517 566	26 838 596 888	40 497 136 594	4 213 840 160
<b>Total equity</b>		65 593 723 219	28 343 375 441	40 940 531 751	4 284 489 316
<b>Non-current liabilities</b>					
Deferred income tax liabilities	11	6 942 730 592	3 719 661 144	-	-
<b>Current liabilities</b>					
Bank overdrafts	9	3 926 560 620	3 048 460 751	3 926 560 620	866 604 340
Trade and other payables	12	4 889 629 173	1 664 707 563	4 889 629 173	473 236 468
Provisions for other liabilities and charges	13	3 624 535 808	1 904 716 271	3 624 535 808	541 465 192
Current income tax liability	14	-	1 249 874 129	-	414 849 364
Borrowings	15	-	2 835 664 831	-	806 111 559
Dividend payable	16	14 592 556 169	2 717 594 524	14 592 556 169	772 547 000
		27 033 281 770	13 421 018 069	27 033 281 770	3 874 813 923
<b>Total equity and liabilities</b>		99 569 735 581	45 484 054 654	67 973 813 521	8 159 303 239

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 9 November 2023 and signed on its behalf by:

Mkushi H. P.  
Chairman

Webster R. N.  
Managing Director

**Statement of profit or loss and comprehensive income**

For the year ended 30 September 2023

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Revenue	17	164 001 734 704	75 044 843 245	109 635 330 366	12 217 963 722
Cost of sales	18	(90 387 816 289)	(43 838 732 354)	(43 932 199 539)	(5 450 182 535)
<b>Gross profit</b>		73 613 918 415	31 206 110 891	65 703 130 827	6 767 781 187
Distribution costs	18	(571 848 232)	(327 257 753)	(385 330 309)	(63 089 376)
Administrative expenses	18	(23 317 694 258)	(12 273 943 609)	(15 289 491 581)	(2 110 585 491)
Other income	19	13 654 703 150	4 748 874 565	11 460 436 788	1 127 935 562
Allowance for impairment	18	(203 674 000)	(155 429 401)	(203 674 000)	(44 184 854)
Other gains	20	250 085 756	28 304 377	95 027 828	7 644 902
<b>Operating profit</b>		63 425 490 831	23 226 659 070	61 380 099 554	5 685 501 930
Finance cost	21	(2 948 564 827)	(3 524 599 992)	(1 656 260 992)	(775 817 408)
Finance income	21	35 657	572 078	10 902	49 844
Monetary gain/(loss)		2 881 975 510	(6 156 709 604)	-	-
<b>Profit before income tax</b>		63 358 937 171	13 545 921 552	59 723 849 464	4 909 734 366
Income tax expense	22	(12 012 460 324)	(5 738 532 098)	(8 847 996 861)	(1 058 365 392)
<b>Profit for the year</b>		51 346 476 847	7 807 389 454	50 875 852 603	3 851 368 974
<b>Other comprehensive income:</b>					
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		-	-	-	-
<b>Total comprehensive income for the year</b>		51 346 476 847	7 807 389 454	50 875 852 603	3 851 368 974
<b>Basic earnings per share</b>	23.1	Cents 151 962	Cents 23 244	Cents 150 569	Cents 11 466
<b>Diluted earnings per share</b>	23.2	151 068	22 970	149 683	11 331
<b>Headline earnings per share</b>	23.3	151 222	23 160	150 288	11 443
<b>Dividend per share</b>		USD Cents 7.90	ZWL 80.91	USD Cents 7.90	ZWL 23.00

The above statement of profit/(loss) and other comprehensive income should be read in conjunction with accompanying notes.

## FINANCIAL REPORT

### Statement of changes in equity

For the year ended 30 September 2023

	INFLATION ADJUSTED				
	Share capital ZWL	Share premium ZWL	Share option reserve ZWL	Retained earnings ZWL	Total ZWL
<b>Balance as at 1 October 2021</b>	231 043	449 650 827	815 571 695	21 748 801 958	23 014 255 523
Total comprehensive loss for the year	-	-	-	7 807 389 454	7 807 389 454
Profit for the year	-	-	-	7 807 389 454	7 807 389 454
Other comprehensive income for the year	-	-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>					
Share options exercised	7	118 911 595	-	-	118 911 602
Share option expense	-	-	120 413 386	-	120 413 386
Transfer between reserves	-	52 321 104	(52 321 104)	-	-
Dividend declared	-	-	-	(2 717 594 524)	(2 717 594 524)
<b>Balance as at 30 September 2022</b>	231 050	620 883 526	883 663 977	26 838 596 888	28 343 375 441
<b>Year ended 30 September 2023</b>					
<b>Balance as at 1 October 2022</b>	231 050	620 883 526	883 663 977	26 838 596 888	28 343 375 441
Total comprehensive income for the year	-	-	-	51 346 476 847	51 346 476 847
Profit for the year	-	-	-	51 346 476 847	51 346 476 847
Other comprehensive income for the year	-	-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>					
Share options exercised	7	33 500 351	-	-	33 500 358
Share option expense	-	-	462 926 742	-	462 926 742
Transfer between reserves	-	50 954 044	(50 954 044)	-	-
Dividend declared	-	-	-	(14 592 556 169)	(14 592 556 169)
<b>Balance as at 30 September 2023</b>	231 057	705 337 921	1 295 636 675	63 592 517 566	65 593 723 219
	HISTORICAL COST				
<b>Balance as at 1 October 2021</b>	334	7 848 820	60 948 002	1 135 081 186	1 203 815 342
Total comprehensive income for the year	-	-	-	3 851 368 974	3 851 368 974
Profit for the year	-	-	-	3 851 368 974	3 851 368 974
Transactions with owners in	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
<b>Transactions with owners in their capacity as owners:</b>					
Share options exercised	2	9 999 998	-	-	10 000 000
Transfer between reserves	-	14 400 003	(14 400 003)	-	-
Share options expense	-	-	(8 148 000)	-	(8 148 000)
Dividend declared	-	-	-	(772 547 000)	(772 547 000)
<b>Balance as at 30 September 2022</b>	336	32 248 821	38 399 999	4 213 840 160	4 284 489 316
<b>Balance as at 1 October 2022</b>	336	32 248 821	38 399 999	4 213 840 160	4 284 489 316
Total comprehensive income for the year	-	-	-	50 875 852 603	50 875 852 603
Profit for the year	-	-	-	50 875 852 603	50 875 852 603
Other comprehensive income for the year	-	-	-	-	-
<b>Transaction with owners:</b>					
Share options exercised	2	9 999 998	-	-	10 000 000
Transfer between reserves	-	25 209 999	(25 209 999)	-	-
Share option expense	-	-	362 746 001	-	362 746 001
Dividend declared	-	-	-	(14 592 556 169)	(14 592 556 169)
<b>Balance as at 30 September 2023</b>	338	67 458 818	375 936 001	40 497 136 594	40 940 531 751

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

## FINANCIAL REPORT

### Statement of cash flows

For the year ended 30 September 2023

Notes	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
<b>Cash flows from operating activities</b>				
	63 358 937 171	13 545 921 552	59 723 849 464	4 909 734 366
	<b>Profit before income tax</b>			
	<b>Adjustments for:</b>			
6	455 709 525	267 147 801	57 315 167	2 151 651
	(2 881 975 510)	6 156 709 604	-	-
	<b>Net (gain)/loss on net monetary assets</b>			
20	(250 085 756)	(28 304 377)	(95 027 828)	(7 644 902)
	<b>Profit from disposal of property, plant and equipment</b>			
18.1	462 926 742	120 413 386	362 746 001	(8 148 000)
	<b>Non-cash employee benefit expense - share based payment</b>			
21	2 948 564 827	3 524 599 992	1 656 260 992	775 817 408
	<b>Finance cost</b>			
21	(35 657)	(572 078)	(10 902)	(49 844)
	<b>Finance income</b>			
7	(50 053 126)	19 667 750	(9 201 111)	13 430 201
	<b>Provision for slow moving and obsolete inventories</b>			
	<b>Working capital changes:</b>			
	(35 257 841 355)	(13 903 995 711)	(34 262 206 568)	(4 388 462 477)
	<b>Increase in inventories</b>			
	(16 100 153 092)	(2 491 933 955)	(21 233 684 129)	(1 697 387 114)
	<b>Increase in trade and other receivables</b>			
	3 224 921 610	8 977 946	4 416 392 705	349 503 129
	<b>Increase in trade and other payables</b>			
	1 719 819 537	974 507 709	3 083 070 616	471 950 333
	<b>Increase in provision for other liabilities</b>			
	<b>Net cash generated from operations</b>			
	17 680 788 042	8 173 471 869	13 708 705 517	407 464 989
	<b>Finance cost</b>			
21	(2 948 564 827)	(3 524 599 992)	(1 656 260 992)	(775 817 408)
	<b>Finance income</b>			
21	35 657	572 078	10 902	49 844
	<b>Income taxes paid</b>			
14	(13 519 288 992)	(4 134 360 668)	(10 997 529 525)	(820 832 031)
	<b>Net cash generated/(utilised in) from operating activities</b>			
	1 212 969 880	515 083 286	1 054 925 902	(1 189 134 606)
	<b>Cash flows from investing activities</b>			
6	(1 161 379 255)	(260 159 280)	(528 391 607)	(32 036 968)
	<b>Acquisition of property, plant and equipment</b>			
	250 085 756	28 304 377	95 093 977	7 644 902
	<b>Proceeds from sale of motor vehicles</b>			
	<b>Net cash utilised in investing activities</b>			
	(911 293 499)	(231 854 903)	(433 297 630)	(24 392 066)
	<b>Cash flows from financing activities</b>			
	(806 111 561)	-	(806 111 561)	-
	<b>Repayments of borrowings</b>			
	-	2 378 362 842	-	676 103 536
	<b>Proceeds from borrowings</b>			
10.2	33 500 358	118 911 602	10 000 000	10 000 000
	<b>Proceeds from issuance of shares - share options</b>			
	(2 717 594 524)	-	(772 547 000)	-
	<b>Dividend paid</b>			
	<b>Net cash (utilised in)/generated from financing activities</b>			
	(3 490 205 727)	2 497 274 444	(1 568 658 561)	686 103 536
	<b>(Decrease)/increase in cash and cash equivalents</b>			
	(3 188 529 346)	2 780 502 827	(947 030 288)	(527 423 136)
	<b>Cash and cash equivalents at the beginning of the year</b>			
	(1 019 714 624)	3 178 662 254	(289 880 432)	237 542 704
	<b>Effects of inflation on cash and cash equivalents</b>			
	2 971 333 250	(6 978 879 705)	-	-
	<b>Cash and cash equivalents at the end of the year</b>			
	(1 236 910 720)	(1 019 714 624)	(1 236 910 720)	(289 880 432)

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

**Statement of accounting policies**

For the year ended 30 September 2023

**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 9 November 2023.

**2 Summary of significant accounting policies**

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

**2.1 Basis of preparation**

The financial statements of CAFCA Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

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 in 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**

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019, which prescribed parity between the United States Dollar (USD) and the local currency as at and up to the effective date of 22 February 2019. The Company adopted the Zimbabwe Dollar as its functional and reporting currency in 2019 in line with the requirements of the law. For 2019 and subsequent financial years, the Directors and management determined that the Company's functional currency is ZWL based on requirements of IAS 21. The annual financial statements for the year ended 30 September 2023 are therefore presented in ZWL being the currency of the primary economic environment in which the Company operates.

During the year ended 30 September 2023, the following exchange rates were available in Zimbabwe:

- i. Auction rate: Having come into effect on 23 June 2020, the Foreign Currency Auction Market was operational throughout the year under audit.
- ii. The interbank exchange rate (Willing Buyer Willing Seller): With effect from 09 May 2022, the interbank exchange system was put in place to run parallel to the Foreign Currency Auction System.

Market participants willing to participate on the interbank exchange market/foreign currency auction market are required to meet the eligibility criteria specified by the Reserve Bank of Zimbabwe (RBZ). The Company participated on the Foreign Currency Auction Market during the year to fund some of its foreign currency requirements.

Company determined that there is no other appropriate exchange rate with observable inputs for financial reporting and therefore applied the auction exchange rate up to 9 May 2022 and the interbank exchange rate subsequent to 9 May 2022. The following exchange rate was applied to translate foreign currency balances for the year ended 30 September 2023:

Closing exchange rate- USD 1: ZWL 5,466.7466  
(2022: ZWL 621.8922)

**2.1.2 Changes in accounting policy and disclosures**

**(a) New standards, amendments and interpretations effective for the first time for 30 September 2023 year end that are relevant to the Company**

**IAS 16- Property, plant and equipment**

The new amendment clarifies the accounting for proceeds before intended use. Through prohibiting an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The amendment is effective for reporting periods beginning on or after **1 January 2022**.

**IAS 37 - Provisions, Contingent Liabilities and Contingent Assets**

The new amendment clarifies on the accounting for Onerous Contracts – Cost of Fulfilling a Contract. Through specifying costs an entity includes when assessing whether a contract will be a loss-making. The amendment is effective for reporting periods beginning on or after **1 January 2022**.

**(b) New standards, amendments and interpretations issued but not effective for 30 September 2023 year end that are relevant to the Company but have not been early adopted**

**IAS 1: Presentation of Financial Statements**

The amendments clarify the guidance in IAS 1 by:

- Specifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period;
- Stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability;
- Adding guidance about lending conditions and how these can impact classification; and
- Including requirements for liabilities that can be settled using an entity's own instruments.

The amendments are effective for reporting periods beginning on or after **1 January 2024**.

**IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments clarify the guidance in IAS 8 by:

- Aligning the definition of "material" across the standards and to clarify certain aspects of the definition.

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

**2.1.2 Changes in accounting policy and disclosures (continued)**

- 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 are not expected to have a significant impact on CAFCA’s financial statements.

The amendments are effective for reporting periods beginning on or after **1 January 2023**.

**Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)**

- The amendments to IAS 1 require reporting entities to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- These amendments were issued as a result of feedback received indicating that reporting entities needed more guidance when determining what accounting policy information should be disclosed.
- These amendments impact what accounting policies are disclosed which could affect investors decisions.

The amendments are effective for reporting periods beginning on or after **1 January 2023**.

**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 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 comprehensive 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 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

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 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 at the end of each reporting period.

Statement of accounting policies

For the year ended 30 September 2023 (continued)

2.6 Financial instruments

**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cashflows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains a quoted equity investments. The Company accounts for the investments at FVTPL. For unquoted investments the Company made an irrevocable election to account them at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Financial assets at fair value through other comprehensive income (FVOCI)**

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is “hold to collect” the contractual cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

**Impairment of financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of financial assets is calculated as the difference between its carrying amount and its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Company that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity. For other financial assets the reversal is recognised in profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts information that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

**2.6 Financial instruments (continued)**

**Impairment of financial assets (continued)**

- ‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Trade and other receivables**

The Company makes use of a simplified approach in accounting for trade and other receivables, recognise the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

**Financial liabilities**

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method and financial liabilities designated at FVTPL, are subsequently carried at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments. Cash and cash equivalents are measured at fair value, with any impairment or appreciation in value of foreign currency denominated balances arising from changes in exchange rates, being written off or credited against the exchange gains and losses account in profit or loss. In the statement of financial position, bank overdrafts are shown under current liabilities.

**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 classified 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.

**Offset**

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities, which are

determinable monetary amounts and the Company intends to settle on a net basis, the relevant financial assets and liabilities are offset.

**2.7 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.

**2.8 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.

**2.9 Current income and deferred tax**

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

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Statement of accounting policies

For the year ended 30 September 2023 (continued)

2.9 Current income and deferred tax (continued)

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.

2.10 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.

2.11 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 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; and
- 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. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

(a) Sales of goods - wholesale

Revenue from the sale of goods is recognised when the products have been delivered to the customer. Delivery does not occur until the products have been delivered to the specified location, the risk of obsolescence has been

transferred to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

(b) Sales of goods - retail

Revenue from the sales of goods is recognised when the Company sells a product to the customer.

(c) Consignment inventory

Revenue is recognised when goods have been consumed.

2.12 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.

2.13 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) 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.

(c) 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.

(d) 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 granted under the share-based compensation plan is recognised as employee benefits 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)

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

**2.13 Employee benefits (continued)**

- 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 holding shares for a specific period of time).

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.

**(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.

**2.14 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.

**2.15 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 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.

**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 risk, 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 USD.

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.

**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 (2021: ZWLnil).

**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 (2021:ZWLnil).

The Company has borrowings amounting to ZWL3.9 billion as at 30 September 2023 and is exposed to cash flow interest rate risk.

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk potentially arises from

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

**3.1 Financial risk factors (continued)**

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.

**(b) Credit risk**

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 on statement of financial position is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
<b>Trade and other receivables (excluding prepayments and statutory receivables)</b>	18 985 130 659	3 351 398 527	18 985 130 659	952 722 290
Cash and cash equivalents	2 689 649 900	2 028 746 127	2 689 649 900	576 723 908
	21 674 780 559	5 380 144 654	21 674 780 559	1 529 446 198

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:

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
<b>Trade receivables (excluding amounts due from related parties)</b>				
Counterparties without external credit rating:				
Group 1				
Existing customers with no defaults in the past.	19 246 402 785	3 554 011 898	19 246 402 785	1 010 320 416
Group 2				
Existing customers with some defaults in the past.	-	-	-	-
All defaults were fully recovered.	-	-	-	-
Group 3				
Existing customers with defaults not recovered.	-	-	-	-
	19 246 402 785	3 554 011 898	19 246 402 785	1 010 320 416

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

The impairment of trade receivables is carried out at each reporting date using the expected credit loss model. This model utilises a provision matrix in which the Company's receivables are stratified into groups with similar risk characteristics. Historical 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.

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

**3 Financial risk management (continued)**
**3.1 Financial risk factors (continued)**
**(b) Credit risk (continued)**

Trade receivables mainly comprise of foreign (Malawi, Mozambique and Rwanda). 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 USD 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 credit terms.

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

HISTORICAL COST						
	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 90 days past due ZWL	More than 120 days past due ZWL	Total ZWL
<b>30 September 2023</b>						
Expected credit loss rate	0.61%	2.19%	1.47%	4.07%	0.00%	100%
Gross carrying amount						
– trade receivables	10 424 792 615	2 920 333 494	4 328 524 520	1 566 823 743	5 928 413	19 246 402 785
Credit loss allowance	(63 835 928)	(63 835 928)	(63 835 928)	(63 835 929)	(5 928 413)	(261 272 126)
Net carrying amount	10 360 956 687	2 856 497 566	4 264 688 591	1 502 987 814	-	18 985 130 659

Debt securities and other financial assets at amortised cost

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

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

INFLATION ADJUSTED						
	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 90 days past due ZWL	More than 120 days past due ZWL	Total ZWL
<b>30 September 2022</b>						
Expected credit loss rate	2%	13%	15.28%	16.12%	0.00%	0%
Gross carrying amount						
– trade receivables	2 507 418 426	781 448 439	215 174 352	41 679 018	8 291 663	3 554 011 898
Credit loss allowance	(54 373 778)	(100 350 577)	(32 879 564)	(6 717 791)	(8 291 663)	(202 613 371)
Net carrying amount	2 453 044 649	681 097 862	182 294 789	34 961 227	-	3 351 398 527

Debt securities and other financial assets at amortised cost

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

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

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

**3 Financial risk management (continued)**
**3.1 Financial risk factors (continued)**
**(b) Credit risk (continued)**

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

30 September 2022	HISTORICAL COST					Total ZWL
	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 90 days past due ZWL	More than 120 days past due ZWL	
Expected credit loss rate	2%	13%	15.28%	16.12%	100%	-
Gross carrying amount						
– trade receivables	712 798 972	222 147 065	61 168 912	11 848 346	2 357 121	1 010 320 416
Credit loss allowance	(15 457 162)	(28 527 265)	(9 346 872)	(1 909 707)	(2 357 121)	(57 598 126)
Net carrying amount	697 341 810	193 619 800	51 822 039	9 938 639	-	952 722 290

**Debt securities and other financial assets at amortised cost**

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

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

**(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.

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.

**Statement of accounting policies**

For the year ended 30 September 2023 (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 grouping based on the remaining period at the statement of financial position date to the contractual maturity date.

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

INFLATION ADJUSTED					
At 30 September 2022	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
<b>Assets</b>					
Trade and other receivables (excluding prepayments and statutory receivables)	3 554 011 898	-	-	-	3 554 011 898
Cash and cash equivalents	2 028 746 127	-	-	-	2 028 746 127
	5 582 758 025	-	-	-	5 582 758 025
<b>Liabilities</b>					
Trade and other payables (excluding statutory liabilities)	1 306 542 206	-	-	-	1 306 542 206
Borrowings	2 835 664 831	-	-	-	2 835 664 831
	4 142 207 037	-	-	-	4 142 207 037
<b>Liquidity gap</b>	1 440 550 988	-	-	-	1 440 550 988
<b>Cumulative liquidity surplus</b>	1 440 550 988	1 440 550 988	1 440 550 988	1 440 550 988	1 440 550 988
HISTORICAL COST					
At 30 September 2023	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
<b>Assets</b>					
Trade and other receivables (excluding prepayments and statutory receivables)	18 985 130 659	-	-	-	18 985 130 659
Cash and cash equivalents	2 689 649 900	-	-	-	2 689 649 900
	21 674 780 559	-	-	-	21 674 780 559
<b>Liabilities</b>					
Trade and other payables (excluding statutory liabilities)	4 039 013 242	-	-	-	4 039 013 242
Borrowings	-	-	-	-	-
	4 039 013 242	4 039 013 242	4 039 013 242	4 039 013 242	4 039 013 242
<b>Liquidity gap</b>	17 635 767 317	-	-	-	17 635 767 317
<b>Cumulative liquidity surplus</b>	17 635 767 317	17 635 767 317	17 635 767 317	17 635 767 317	17 635 767 317

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.

**Statement of accounting policies**

For the year ended 30 September 2023 (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	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
The gearing ratio as at 30 September was as follows:				
Total borrowings	-	2 835 664 831	-	806 111 559
Less: cash and cash equivalents	(2 689 649 900)	(2028 746 127)	(2 689 649 900)	(576 723 908)
Net debt	(2 689 649 901)	806 918 704	(2 689 649 901)	229 387 651
Total equity	65 593 723 219	28 343 375 441	40 940 531 751	4 284 489 316
Total capital	62 904 073 318	29 150 294 145	38 250 881 850	4 513 876 967
Gearing ratio	(4%)	3%	(7%)	5%

**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 is 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 2023 (2022: ZWLnil).

**4 Critical accounting estimates and judgement**

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

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

- 4 Critical accounting estimates and judgement (continued)**  
 1 July 2019. International Financial Reporting Interpretations Committee ("IFRIC"), 7, Economies becoming hyperinflationary, requires that the Company applies the IAS 29 as if the economy was always hyperinflationary.

IAS29 requires that the financial statements prepared in the currency of a hyper inflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. The Zimbabwe National Statistics Agency(ZimStats) stopped publishing the ZWL Consumer Price Indices in January 2023 and replaced these with the weighted average consumer price index(blended indices), in line with Statutory Instrument 23 of 2023. This created challenges for financial reporting purposes because the weighted average consumer price index do not comply with IAS 29 which requires use of a General Price Index of the hyperinflationary currency (ZWL) as a basis of restatement. In the absence of ZWL inflation indices for the period February 2023 to 30 September 2023, an estimation was made based on the Total Consumption Poverty Line (TCPL) statistics published by ZimStat.

The indices and conversion factors used to restate the Company's financial statements as at 30 September 2023 are provided below. The indices and conversion factors used to restate the accompanying financial statements are as follows:

Date	Indices	Conversion factor
30 September 2023	12 713	1.00
30 September 2022	3 342	3.52
CPI as at 30 September 2021	2 205	13.38

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

- 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.
- 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.
- Non monetary assets and liabilities that are not carried at current amounts at the balance sheet date and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction to the balance sheet date. Additions to property, plant and equipment are restated using the relevant conversion factors from the date of the transaction to balance sheet date.
- All items in the statement of comprehensive income are restated by applying the relevant monthly conversion factors.

- 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.

- 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 property, plant and equipment**

The Company carried out an impairment assessment of plant and equipment as at 30 September 2023. 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 2023 (2022: 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.

**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

**Statement of accounting policies**

For the year ended 30 September 2023 (continued)

**4 Critical accounting estimates and judgement (continued)**

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

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.

**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. 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 assessed that the Company will continue operating as a going concern, citing the following:

- Historical cost revenue increased during the year to ZWL109.6 billion compared to ZWL 12.2 billion recorded during the 2022 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 before income tax of ZWL 59.7 billion for the year ended 30 September 2023, compared to a profit for the year of ZWL 4.9 billion for the same period last year.

- Continued cost containment and reduction measures, capital expenditure rationalisation and optimising efficiencies on existing capital.
- The Company secured overdraft and loan facilities amounting to ZWL 15 billion (2022:ZWL 1.7 billion) 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 2023 (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 Rwanda. The amount of revenue from external customers is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Revenue from customers domiciled in Zimbabwe	150 240 195 881	68 868 105 164	101 194 727 958	11 086 928 064
Revenue from external customers	13 761 538 823	6 176 738 081	8 440 602 408	1 131 035 658
	164 001 734 704	75 044 843 245	109 635 330 366	12 217 963 722
Revenues from transactions with single local customers that amounted to 10% or more of the Company's revenue amount to approximately ZWL 26 156 075 999 (2022: ZWL 8 249 797 201) inflation adjusted. These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the revenue from the major individual local customer with revenue of at least 10% is as follows:				
Retail	26 156 075 999	8 249 797 201	13 766 355 789	1 213 133 216

**Entity-wide information**

The Company has only one reportable segment. The total historical cost carrying amount of non-current assets located in Zimbabwe is ZWL 3 billion (2022: ZWL 526 million) 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 2023 is as follows:

	INFLATION ADJUSTED			
	2023 Cables ZWL	2023 Total ZWL	2022 Cables ZWL	2022 Total ZWL
Revenue from customers	164 001 734 704	164 001 734 704	75 044 843 245	75 044 843 245
Depreciation	455 709 525	455 709 525	267 147 801	267 147 801
Share option charge	462 926 742	462 926 742	120 413 386	120 413 386
Profit before interest and taxation	63 425 490 831	63 425 490 831	23 226 659 070	23 226 659 070
Finance income	35 657	35 657	572 078	572 078
Finance cost	2 948 564 827	2 948 564 827	3 524 599 992	3 524 599 992
Income tax expense	12 012 460 324	12 012 460 324	5 738 532 098	5 738 532 098
Total assets	99 569 735 581	99 569 735 581	45 484 054 654	45 484 054 654
Total liabilities	33 976 012 362	33 976 012 362	49 203 715 798	49 203 715 798
	HISTORICAL COST			
Revenue from customers	109 635 330 366	109 635 330 366	12 217 963 722	12 217 963 722
Depreciation	57 315 167	57 315 167	2 151 651	2 151 651
Share option charge/(credit)	362 746 001	362 746 001	(8 148 000)	(8 148 000)
Profit before interest and taxation	61 380 099 554	61 380 099 554	5 685 501 930	5 685 501 930
Finance income	10 902	10 902	49 844	49 844
Finance cost	1 656 260 992	1 656 260 992	775 817 408	775 817 408
Income tax expense	8 847 996 861	8 847 996 861	1 058 365 392	1 058 365 392
Total assets	67 973 813 521	67 973 813 521	8 159 303 239	8 159 303 239
Total liabilities	27 033 281 770	27 033 281 770	3 874 813 923	3 874 813 923

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

6 Property, plant and equipment	INFLATION ADJUSTED					
	Land ZWL	Buildings ZWL	Plant and equipment ZWL	Motor vehicles ZWL	Office equipment ZWL	Total ZWL
<b>Year ended 30 September 2022</b>						
Opening carrying amount	75 008 964	398 682 497	1 106 540 850	270 119 975	-	1 850 352 286
Additions	-	-	-	260 159 280	-	260 159 280
Depreciation charge for the year	-	(14 487 985)	(113 272 858)	(139 386 958)	-	(267 147 801)
<b>Closing carrying amount</b>	<b>75 008 964</b>	<b>384 194 512</b>	<b>993 267 992</b>	<b>390 892 297</b>	<b>-</b>	<b>1 843 363 765</b>
<b>As at 30 September 2022</b>						
Cost	75 008 964	577 751 013	2 257 333 196	1 143 081 608	39 183 398	4 092 358 179
Accumulated depreciation	-	(193 556 501)	(1 264 065 201)	(752 189 314)	(39 183 398)	(2 248 994 414)
<b>Closing carrying amount</b>	<b>75 008 964</b>	<b>384 194 512</b>	<b>993 267 995</b>	<b>390 892 294</b>	<b>-</b>	<b>1 843 363 765</b>
<b>Year ended 30 September 2023</b>						
Opening carrying amount	75 008 964	384 194 512	993 267 995	390 892 294	-	1 843 363 765
Additions	-	-	-	1 161 379 255	-	1 161 379 255
Disposal	-	-	517 996 747	(27 958 518)	-	490 038 229
Depreciation charge for the year	-	(14 487 985)	(143 489 333)	(297 732 207)	-	(455 709 525)
<b>Closing carrying amount</b>	<b>75 008 964</b>	<b>369 706 528</b>	<b>1 367 775 409</b>	<b>1 226 580 824</b>	<b>-</b>	<b>3 039 071 724</b>
<b>As at 30 September 2023</b>						
Cost	75 008 964	577 751 013	2 775 329 943	1 933 192 559	39 183 398	5 400 465 877
Accumulated depreciation	-	(208 044 486)	(1 407 554 534)	(706 611 735)	(39 183 398)	(2 361 394 153)
<b>Closing carrying amount</b>	<b>75 008 964</b>	<b>369 706 528</b>	<b>1 367 775 409</b>	<b>1 226 580 824</b>	<b>-</b>	<b>3 039 071 724</b>
<b>HISTORICAL COST</b>						
	Land ZWL	Buildings ZWL	Plant and equipment ZWL	Motor vehicles ZWL	Office equipment ZWL	Total ZWL
<b>Year ended 30 September 2022</b>						
Opening carrying amount	105 143	558 948	1 562 205	956 935	-	3 183 231
Additions	-	-	-	32 036 968	-	32 036 968
Depreciation charge for the year	-	(20 307)	(209 352)	(1 921 992)	-	(2 151 651)
<b>Closing carrying amount</b>	<b>105 143</b>	<b>538 641</b>	<b>1 352 853</b>	<b>31 071 911</b>	<b>-</b>	<b>33 068 548</b>
<b>As at 30 September 2022</b>						
Cost	105 143	809 555	3 419 634	34 123 701	54 925	38 512 958
Accumulated depreciation	-	(270 914)	(2 066 781)	(3 051 790)	(54 925)	(5 444 410)
<b>Closing carrying amount</b>	<b>105 143</b>	<b>538 641</b>	<b>1 352 853</b>	<b>31 071 911</b>	<b>-</b>	<b>33 068 548</b>
<b>Year ended 30 September 2023</b>						
Opening carrying amount	105 143	538 641	1 352 853	31 071 911	-	33 068 548
Additions	-	-	161 580 517	366 811 090	-	528 391 607
Disposal	-	-	-	(66 148)	-	(66 148)
Depreciation charge for the year	-	(20 307)	(9 634 425)	(47 660 434)	-	(57 315 167)
<b>Closing carrying amount</b>	<b>105 143</b>	<b>518 334</b>	<b>1 532 945</b>	<b>350 156 419</b>	<b>-</b>	<b>504 078 840</b>
<b>As at 30 September 2023</b>						
Cost	105 143	809 855	165 000 150	400 202 228	54 925	566 172 301
Accumulated depreciation	-	(291 522)	(11 701 205)	(50 045 809)	(54 925)	(62 093 461)
<b>Closing carrying amount</b>	<b>105 143</b>	<b>518 334</b>	<b>1 532 945</b>	<b>350 156 419</b>	<b>-</b>	<b>504 078 840</b>

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**7 Inventories**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Raw materials and consumables	19 515 173 571	140 113 395 347	16 311 685 026	2 260 707 948
Work in progress	1 790 492 871	1 211 474 781	1 790 492 871	344 393 249
Finished goods	48 040 963 444	18 915 971 559	21 485 450 885	2 729 522 128
	69 346 629 886	34 138 841 657	39 587 628 782	5 334 623 325
Provision for slow moving and obsolete inventories	(7 024 766)	(57 077 892)	(7 024 766)	(16 225 877)
	69 339 605 120	34 081 763 965	39 580 604 016	5 318 397 448

There were no inventories written down to net realisable value during the year (2022: ZWL nil). There were no inventories pledged as security during the year (2022: ZWL nil).

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

As at 1 October	57 077 892	37 410 142	16 225 877	2 795 676
Provision recognised during the year	(50 053 126)	19 667 750	(9 201 111)	13 430 201
As at 30 September	7 024 766	57 077 892	7 024 766	16 225 877

**8 Trade and other receivables**

Trade receivables - gross	19 246 402 785	3 554 011 898	19 246 402 785	1 010 320 416
Less: Allowance for expected credit losses	(261 272 126)	(202 613 371)	(261 272 126)	(57 598 126)
Trade receivables - net	18 985 130 659	3 351 398 527	18 985 130 659	952 722 290
Prepayments	4 576 315 636	4 173 772 238	4 255 833 167	1 122 020 912
Other receivables	68 887 794	5 010 232	68 887 794	1 424 289
	23 630 334 089	7 530 180 997	23 309 851 620	2 076 167 491

**Impairment and risk exposure**

The movements in the allowance for expected credit losses measured at amortised cost are as follows:

Allowance for expected credit losses- net:				
As at 1 October	202 613 371	152 724 645	57 598 126	11 413 174
- allowance for expected credit losses	203 674 000	155 429 400	203 674 000	44 184 854
-movement in payments from customers	-	7 035 760	-	2 000 098
-effects of inflation	(145 015 245)	(112 576 435)	-	-
As at 30 September	261 272 125	202 613 370	261 272 126	57 598 126

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.

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**9 Cash and cash equivalents : for purposes of the cash flow statement**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
<b>Cash and bank balances</b>				
Cash at bank	1 462 612 908	1 637 585 763	1 462 612 908	465 526 390
Cash on hand	1 227 036 992	391 160 364	1 227 036 992	111 197 518
	2 689 649 900	2 028 746 127	2 689 649 900	576 723 908
<b>Overdrafts</b>				
Bank overdraft	(3 926 560 620)	(3 048 460 751)	(3 926 560 620)	(866 604 340)
Cash and cash equivalents	(1 236 910 720)	(1 019 714 624)	(1 236 910 720)	(289 880 432)
<b>10 Reserves</b>				
<b>10.1 Authorised</b>				
50 000 000 ordinary shares with a nominal value of ZWL 0.00001 each.	348 802	348 802	500	500
100 000 5.5% cumulative preference shares of ZWL 0.00001 each	1	1	1	1

**10.2 Issued and fully paid**

	INFLATION ADJUSTED				HISTORICAL COST		
	Number of ordinary shares in issue	Nominal value of ordinary shares ZWL	Share premium ZWL	Total ZWL	Nominal value of ordinary shares ZWL	Share premium ZWL	Total ZWL
As at 1 October 2021	33 389 000	231 043	449 650 827	449 881 870	334	7 848 820	7 849 154
Employee share option scheme:							
Shares issued	200 000	7	118 911 595	118 911 602	2	9 999 998	10 000 000
Share options exercised	-	-	52 321 104	52 321 104	-	14 400 003	14 400 003
As at 30 September 2022	33 589 000	231 050	620 883 526	621 114 576	336	32 248 821	32 249 157
As at 1 October 2022	33 589 000	231 050	620 883 526	621 114 576	336	32 248 821	32 249 157
Employee share option scheme:							
Shares issued	200 000	7	33 500 351	33 500 358	2	9 999 998	10 000 000
Share options exercised	-	-	50 954 044	50 954 044	-	25 209 999	25 209 999
As at 30 September 2023	33 789 000	231 057	705 337 921	705 568 978	338	67 458 818	67 459 156

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).

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**10.3 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 were exercisable between 31 December 2013 and 31 December 2020 at a price of ZWL 0.12 cents per share and share options granted in 2014 were exercisable between 31 December 2015 and 31 December 2020 at a price of ZWL 0.25 cents per share, and shares granted in 2018 at a price of ZWL 50.00 are exercisable between 7 October 2021 and 31 December 2023. The Company has no legal or constructive obligation for repurchase or to settle the options in cash.

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

	2023 Number of share options issued	2023 Exercise price per share ZWL	2022 Number of share options issued	2022 Exercise price per share ZWL
Options authorised	3 232 700		3 232 700	
Outstanding at the beginning of the year	400 000	50.00	600 000	50.00
	400 000		600 000	
Exercised	(200 000)	50.00	(200 000)	50.00
Total shares outstanding at the end of the year	200 000		400 000	
Outstanding at the end of the year, expiring 31 December 2023	200 000	50.00	400 000	50.00

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	2023 Number of share options	2022 Number of share options
6 September 2018	7 October 2021	31 December 2023	50.00	-	200 000
6 September 2018	7 October 2022	31 December 2023	50.00	200 000	200 000
				200 000	400 000

200 000 share options under share option scheme are exercisable between 7 October 2021 and 31 December 2023.

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
The movement on the share option reserve is as follows:				
As at 1 October	883 663 977	815 571 695	38 399 999	60 948 002
Share options exercised	(50 954 044)	(52 321 104)	(25 209 999)	(14 400 003)
Charge to the income statement	462 926 742	120 413 386	362 746 001	(8 148 000)
As at 30 September	1 295 636 675	883 663 977	375 936 001	38 399 999

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**11 Deferred income taxes**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
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	-	-	1 018 554 397	154 945 844
	-	-	1 018 554 397	154 945 844
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	6 942 730 592	3 719 661 144	-	-
Deferred tax liabilities to be settled within 12 months	-	-	-	-
	6 942 730 592	3 719 661 144	-	-
Deferred tax liabilities and assets	6 942 730 592	3 719 661 144	1 018 554 397	154 945 844
The gross movement on the deferred income tax account is as follows:				
At 1 October	3 719 661 144	2 097 225 030	154 945 844	43 203 625
Effect of IAS 29 on Statement of comprehensive income ( <b>note 22</b> )	2 927 900 462	1 622 436 114	863 608 553	111 742 219
As at 30 September	6 647 561 606	3 719 661 144	1 018 554 397	154 945 844
<b>12 Trade and other payables</b>				
Trade payables	3 189 422 393	1 142 860 003	3 189 422 393	324 887 712
Social security expenses and other taxes	412 899 578	274 465 154	412 899 578	78 023 866
Value added tax ("VAT")	500 196 542	83 700 203	500 196 542	23 793 962
Accrued expenses	787 110 660	163 682 203	787 110 660	46 530 928
	4 889 629 173	1 664 707 563	4 889 629 173	473 236 468

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 2023 (continued)

**13 Provisions for other liabilities and charges**

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

	HISTORICAL COST		
	Leave pay provision ZWL	Bonus provision ZWL	Total ZWL
<b>Year end 30 September 2022</b>			
As at 1 October 2021	58 508 031	205 927 972	264 436 003
Utilised in the current year	(58 508 031)	(205 927 972)	(264 436 003)
Current year charge	125 988 777	415 476 415	541 465 192
As at 30 September 2022	125 988 777	415 476 415	541 465 192
<b>Year end 30 September 2023</b>			
As at 1 October 2022	125 988 777	415 476 415	541 465 192
Utilised in the current year	(125 988 777)	(415 476 415)	(541 465 192)
Current year charge	979 590 184	2 644 945 624	3 624 535 808
As at 30 September 2023	979 590 184	2 644 945 624	3 624 535 808
	INFLATION ADJUSTED		
<b>Year end 30 September 2022</b>			
As at 1 October 2021	205 814 151	724 394 411	930 208 562
Utilised in the current year	(205 814 151)	(724 394 411)	(930 208 562)
Current year charge	443 191 690	1 461 524 581	1 904 716 271
As at 30 September 2022	443 191 690	1 461 524 581	1 904 716 271
<b>Year end 30 September 2023</b>			
As at 1 October 2022	443 191 690	1 461 524 581	1 904 716 271
Utilised in the current year	(443 191 690)	(1 461 524 581)	(1 904 716 271)
Current year charge	979 590 184	2 644 945 624	3 624 535 808
As at 30 September 2023	979 590 184	2 644 945 624	3 624 535 808

**14 Current income tax payables**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
As at 1 October	1 249 874 129	877 473 420	414 849 364	65 573 942
Effect of IAS 29	1 686 734 702	390 665 363	-	-
Tax paid during the year	(13 519 288 992)	(4 134 360 668)	(10 997 529 525)	(820 832 031)
Tax charge for the year	9 711 605 414	4 116 095 984	9 711 605 414	1 170 107 612
	(871 074 748)	1 249 874 129	(871 074 748)	414 849 364

**15 Borrowings**

Loan	-	2 835 664 831	-	806 111 559
	-	2 835 664 831	-	806 111 559

All the borrowings are short term (not exceeding 12 months) and bear interest ranging between 75%- 150% per annum.

**16 Dividend payable**

Dividend declared	14 592 556 169	2 717 594 524	14 592 556 169	772 547 000
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The Directors declared a dividend per share of USD 7.90 for the year ended 30 September 2023 (2022: ZWL 23).

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**17 Revenue from contracts with customers**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Revenue from customers domiciled in Zimbabwe	150 240 195 881	68 868 105 164	101 194 727 958	11 086 928 064
Revenue from external customers	13 761 538 823	6 176 738 081	8 440 602 408	1 131 035 658
	164 001 734 704	75 044 843 245	109 635 330 366	12 217 963 722

**18 Expenses by nature**

Raw materials and consumables	69 977 724 643	34 575 710 315	30 863 863 211	4 348 082 324
Employee benefit expense ( <b>note 18.1</b> )	25 983 122 392	11 723 835 302	16 287 769 992	1 397 272 360
Audit fees				
- Current year	35 927 088	126 380 994	182 586 023	21 335 261
Directors' emoluments				
- Fees	259 500 145	291 928 205	144 720 076	27 869 702
Postage and telephone	73 432 342	28 979 981	47 201 838	4 671 112
Canteen	511 637 969	295 655 290	283 008 133	54 642 092
Trade promotion	92 145 683	79 212 941	72 156 032	13 195 078
Plant repairs and maintenance	5 523 739 593	2 456 243 103	3 931 509 185	404 003 246
Building repairs and maintenance	1 162 134 282	531 238 605	796 190 229	88 190 440
Vehicle repairs and maintenance	704 135 230	373 661 390	440 849 132	62 166 472
Electricity and water	2 745 257 769	740 033 235	1 680 151 751	128 484 972
Depreciation ( <b>note 6</b> )	455 709 525	267 147 801	57 315 167	2 151 651
Quality and ISO certifications	490 944 878	320 395 476	234 356 470	84 900 378
Security	885 445 683	371 386 478	565 711 859	68 597 371
Machine running expenses	538 068 236	391 722 958	319 194 068	63 011 726
Insurance	436 273 728	173 980 131	290 778 203	27 486 575
Secretarial and listing related costs	148 019 733	119 130 390	94 314 455	15 829 848
Legal and professional fees	205 148 852	57 840 338	131 579 163	11 847 312
Cleaning and laundry	154 191 182	69 293 593	110 774 384	12 600 082
Subscriptions	308 068 093	107 706 360	207 662 541	18 247 216
Computer expenses	395 721 188	160 477 582	257 474 233	30 804 715
Bank charges	356 730 515	366 918 370	189 663 087	63 491 503
Travel	169 707 024	89 454 557	231 537 150	32 401 614
Freight outwards	323 853 185	248 044 801	226 671 201	46 422 413
Forklifts hire	680 392 597	240 621 450	465 788 727	36 205 466
Allowance for impairment of trade receivables	203 674 000	155 429 401	203 674 000	44 184 854
Clinic expenses	130 098 228	76 976 513	74 958 451	3 711 582
Protective clothing	134 473 679	50 865 585	75 122 246	6 291 150
Printing and stationery	267 855 390	226 417 284	162 439 674	25 616 172
2% government levy	912 223 239	911 007 144	519 221 198	134 894 168
Packaging	49 387 556	20 654 154	41 748 123	2 529 211
Provision recognised for slow moving and obsolete inventories ( <b>note 7</b> )	(7 024 766)	19 667 750	(7 024 766)	13 430 201
Other expenses	173 313 898	927 345 636	627 730 193	373 473 989
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>114 481 032 779</b>	<b>56 595 363 117</b>	<b>59 810 695 429</b>	<b>7 668 042 254</b>
The cost of sales, distributions costs and administrative expenses have been disclosed as follows:				
Cost of sales	90 387 816 289	43 838 732 354	43 932 199 539	5 450 182 535
Distribution costs	571 848 232	327 257 753	385 330 309	63 089 376
Administrative expenses	23 317 694 258	12 273 943 609	15 289 491 581	2 110 585 491
Allowance for impairment of trade and other receivables	203 674 000	155 429 401	203 674 000	44 184 854
	114 481 032 779	56 595 363 117	59 810 695 429	7 668 042 254

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**18 Expenses by nature (continued)**
**18.1 Employee benefit expense (continued)**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Salaries - executive management	7 568 172 622	2 869 953 332	4 777 984 848	520 257 615
Salaries and wages - non executive employees	16 307 658 982	7 894 506 662	10 104 617 107	750 050 082
Social security costs (note 24)	250 392 452	85 513 522	147 863 794	15 723 165
Pension costs (note 24)	1 145 014 720	585 567 201	705 504 366	96 496 815
Share options charge	462 926 742	120 413 386	362 746 001	(8 148 000)
Recognition expenses	18 521 920	20 590 564	5 933 938	623 676
Attendance hamper	230 434 954	147 290 635	183 119 938	22 269 007
	25 983 122 392	11 723 835 302	16 287 769 992	1 397 272 360
<b>19 Other income</b>				
Scrap sales	183 720 596	60 541 318	115 191 594	10 932 748
Exchange gains	13 448 817 903	4 669 729 754	11 333 118 367	1 113 101 145
Other	22 164 651	18 603 493	12 126 827	3 901 669
	13 654 703 150	4 748 874 565	11 460 436 788	1 127 935 562
<b>20 Other gains</b>				
Profit from disposal of motor vehicles	250 085 756	28 304 377	95 027 828	7 644 902
<b>21 Finance income</b>				
Finance cost	2 948 564 827	3 524 599 992	1 656 260 992	775 817 408
Interest income on current accounts with banks	(35 657)	(572 078)	(10 902)	(49 844)
<b>22 Income tax expense</b>				
Current income tax on profits for the year	9 084 559 862	4 116 095 984	9 711 605 414	1 170 107 611
Deferred income tax (note 12)	2 927 900 462	1 622 436 114	(863 608 553)	(111 742 219)
	12 012 460 324	5 738 532 098	8 847 996 861	1 058 365 392
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%.				
Profit before income tax	63 358 937 171	13 545 921 552	59 723 849 464	4 909 734 366
Notional taxation on profit for the year at a statutory rate of 24.72%	15 662 329 269	3 348 551 808	14 763 735 587	1 213 686 335
Tax effects of:				
Non-deductible expenditure	(3 649 868 984)	(1 016 321 756)	(5 915 738 726)	(56 249 775)
Permanent differences application of IAS 29	-	1 374 423 161	-	-
Recoupment on motor vehicles	-	7 575 811	-	928 831
	12 012 460 285	3 714 229 024	8 847 996 861	1 058 365 392

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**23 Earnings per share**
**23.1 Basic earnings per share**

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 cents	2022 cents	2023 cents	2022 cents
Profit attributable to the ordinary equity holders of the Company	51 346 476 847	7 807 389 454	50 875 852 603	3 851 368 974
Weighted average number of ordinary shares in issue (note 10)	33 789 000	33 589 000	33 789 000	33 589 000
Basic earnings per share attributable to the ordinary equity holders of the Company (cents)	151 962	23 244	150 569	11 466

**23.2 Diluted earnings per share**

Profit/(loss) attributable to the ordinary equity holders of the Company	51 346 476 847	7 807 389 454	50 875 852 603	3 851 368 974
Weighted average number of shares in issue (note 10)	33 789 000	33 589 000	33 789 000	33 589 000
Adjustment for: Share options outstanding at year end (note 10)	200 000	400 000	200 000	400 000
	33 989 000	33 989 000	33 989 000	33 989 000
Diluted earnings per share (cents)	151 068	22 970	149 683	11 331

**23.3 Headline earnings per share**

Profit attributable to the equity holders of the Company	51 346 476 847	7 807 389 454	50 875 852 603	3 851 368 974
Adjustments for: Profit on disposal of property, plant and equipment (note 20)	(250 085 756)	(28 304 377)	(95 027 828)	(7 644 902)
Headline earnings	51 096 391 091	7 779 085 077	50 780 824 775	3 843 724 072
Weighted average number of shares in issue	33 789 000	33 589 000	37 589 000	33 589 000
Headline earnings per share (cents)	151 222	23 160	150 288	11 443

**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 Bright Insurance Brokers (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	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Contributions recognised as an expense for the year are as follows:				
Social security costs (note 18)	250 392 452	85 513 522	147 863 794	15 723 165
Pension costs (note 18)	1 145 014 720	585 567 201	705 504 366	96 496 815
	1 395 407 172	671 080 723	853 368 161	112 219 980

**Notes to the financial statements**

For the year ended 30 September 2023 (continued)

**25 Related party transactions**

Related party listing Companies	Nature of relationship
Reunert Electrical Engineering (Pty) Limited	Common directorship/ Shareholding
Cape Canary	Associate shareholding
Metal Fabricators of Zambia	Sister company (sharing same shareholder)
CBI Electric African Cables-A-Division of ATC (Proprietary/ Limited)	Sister company (sharing same shareholder)
Cbi Electric Telecomms Cables(Pty) Limited	Sister company (sharing same shareholder)
Crystal Ball Group Investment	Shareholding

  

Key management personnel		
Mkushi H. P.	(Board Chairman)	
Webster R. N.	(Managing Director)	
Chidzonga E. T. Z.	(Non - Executive Director)	
Mabena A.	(Non - Executive Director)	(Resigned 24 August 2023)
Mangwengwende S. E.	(Non - Executive Director)	
Taylor T. A.	(Non - Executive Director)	(Resigned 23 February 2023)
Steyn G. J. H.	(Non - Executive Director)	(Resigned 24 August 2023)
Chigumbu T.	(Non - Executive Director)	(Appointed 10 November 2022)
Maparura S.	(Non - Executive Director)	(Appointed 4 May 2023)
Corte L.	(Non - Executive Director)	(Appointed 24 August 2023)
Tapambgwa J.	(Non - Executive Director)	(Appointed 24 August 2023)

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
<b>Transactions with related parties</b>				
<b>i) Purchases of goods and equipment</b>				
CBI Electric African Cables - A division of ATC (Proprietary) Limited	604 288 482	-	240 191 996	-
Metal Fabricators of Zambia plc ("Zamefa")	-	1 135 788 939	-	322 877 578
	604 288 482	1 135 788 939	240 191 996	322 877 578
<b>ii) Sales of goods</b>				
Metal Fabricators of Zambia plc ("Zamefa")	6 264 959	2 216 342	1 915 433	630 053
<b>Balances with related parties</b>				
<b>iii) Related party receivables</b>				
Metal Fabricators of Zambia plc ("Zamefa")	-	2 216 342	-	630 053
<b>Key management compensation</b>				
Key management includes directors (executive and non-executive) and executive managers (members of the executive committee).				
Salaries and other short - term benefits	7 568 172 622	2 869 953 332	4 777 984 848	520 257 6151
Share options charge	462 926 742	120 413 386	362 746 002	(8 148 000)
Directors' emoluments - Fees	259 500 145	291 928 205	144 720 076	27 869 702
	8 290 599 509	3 282 294 923	5 285 450 925	539 979 317

There were no loans made to directors or key management of the Company during the year (2022: ZWLnil).

**26 Capital commitments**

The Company had no significant capital expenditure contracted for by the directors at the reporting date (2022: ZWLnil).

**27 Contingencies**

The Company did not have any contingent assets or liabilities at the reporting date (2022: ZWLnil).

**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.