

**CHAIRMAN'S REPORT
30 SEPTEMBER 2024**

I am pleased to be presenting the performance of CAFCA for the financial year ended 30 September 2024.

Performance Overview

The challenges emanating from the trading environment have caused significant headwinds impacting on the performance of CAFCA. Volumes were ahead of prior year by 10% albeit with the sales mix skewed towards low margin sales. Therefore, the reported revenue and operating profit in Zimbabwean Gold (ZiG) were lower than prior year by 5% and 18%, respectively. Overall, the Company has maintained a strong and healthy balance sheet.

Trading Environment

The trading environment has been volatile during the year under review. The decline in commodity prices of most metals and alloys, as well as impact of the drought for the 2023/24 agricultural season dampened aggregate demand. Currency instability reflected by the inflation rate at 37.5% in September 2024, and exchange rate fluctuations, remain a significant challenge to value preservation.

On a positive note, the construction sector was buoyant spurred by the road construction activities, new housing and property development projects, as well as firm prices obtaining for gold.

People & Governance

The Board continues to prioritize sustainability, and governance matters as these are core to the company's strategy execution namely safety, wellness, skills adequacy, systems and compliance.

a. Safety & Wellness

The Company continues to maintain a heightened approach to the identification of safety and wellness related risks in order to achieve zero harm to our human and physical capital, as well as reduce operational disruptions. As a result, the lost time injury frequency rate (LTIFR) decreased by 11% against prior year. In addition, the company received an award from the National Social Security Authority (NSSA) as recognition for the company's good record on safety and health performance.

Through the Company's health service provider, wellness programs have been extended to all our people to ensure the good mental and physical health.

a. Skills Adequacy

The balance of skill and experience at all levels is important to the success of CAFCA. To that end, there is diversity in competences and backgrounds that our board members bring to CAFCA's sustainability. The Company also continues to invest in training and development of staff through learnerships for apprenticeships and graduates, as well as management and leadership development programs.

During the year, the Board appointed Mr. Vimbayi Nyakudya, as CEO from 1 June 2024. I would like to thank Mr. Rob Webster for his valuable contribution to CAFCA over the past 17 years.

a. Systems & Compliance

CAFCA does not compromise on quality and therefore has continued to deepen its strength in the internal control system to maintain the right quality standards. CAFCA remains certified on Quality (ISO9001:2015), Environmental (ISO14001:2015), Occupational, Health & Safety (ISO45001:2018) and Energy Management systems (ISO50001:2018) by the Standard Association of Zimbabwe (SAZ) and South African Bureau of Standards (SABS).

a. Innovation & Strategy

The board remains focused on the effective execution of the strategy by tracking risks and opportunities as well as major events that have a bearing on the Company's sustainable performance. The Board is currently seized with driving CAFCA's strategy to achieve competitiveness through modern approaches to supply chain management, technological advancements, power and manpower utilisation. In addition, CAFCA implores the government through the Ministry of Industry and Commerce to implement policies that will not only balance the interest of all stakeholders but also protect the Zimbabwean industry.

Dividend

Given cash flow considerations, the Board declared a dividend of US4.9 cents per share. In the prior year, the dividend per share was US 7.9 cents.

Outlook

Whilst the outlook remains challenging, the board believes CAFCA is positioned to tackle the threats, and to take advantage of the opportunities that lie ahead. The company's depth of experience in the Zimbabwean market and the region puts CAFCA in a competitive position to drive market growth, capacity utilisation and effective capital allocation.

Conclusion

I would like to thank our stakeholders namely our customers, suppliers, service providers, shareholders, fellow Board members, management and staff for the support in driving CAFCA performance.

H. P. Mkushi

**Chairman
07 November 2024**

Chief Executive Officer's Statement

The year under review has been a complex one for the company, with both internal and external factors impacting the operations. The management team has set on cementing CAFCA's position in the market as the leading provider of cables for transmission and distribution of energy and information with tailor-made solutions to the segments we operate.

Strategic Overview

a. Sales and Marketing

In general, our customers demand that CAFCA cables be competitive, readily available and of consistent quality despite the complexities in the trading environment. To that end, the Company has been investing in modern technologies to enhance capacity utilisation, product availability and reach, through the accredited retail network.

Volumes of direct business with technical partners (in the domestic market) for the year under review remained firm, at 29% ahead of prior year, driven by commercial projects in property development as well as utilities. CAFCA maintained the agility, quality and responsiveness to meet this growth in demand.

Business through the factory shops and the retail distribution networks (in the domestic market) has been 6% behind prior year, given the challenging trading environment. In the coming year, improvements in the customer experience at the factory shops, effective collaboration with accredited distributors and increased reach to the customer base with necessary information to aid buying decisions, will drive marketing execution.

Exports volumes were 7% ahead of prior year. This is despite the challenges of currency remittance by foreign customers and increased competition in export markets. The Company continues to put effort in penetrating the export markets with a focus on expanding both the retail footprint and direct engagements with technical partners in the region. Establishing the strength of the brand in these competitive markets remains the primary target for CAFCA.

b. Production & Engineering

The gaps in power supply created a major dent in capacity utilisation during the year as hours lost due to power cuts were 144% up against prior year. Containment measures have been put in place albeit coming at a cost, to keep the product available to our customers. On-time delivery was therefore negatively affected, averaging 83% in the last quarter of the financial year, against a target of 100%.

Despite the power challenges, government support over the years enabled CAFCA's capacity utilisation to improve to above 60% in the financial year under review from below 40% in 2016. As a result of the improved capacity, ZimTrade recognized CAFCA as runner up to the exporter of the year award on electrical products during the year under review. Management, in the engagements with the government, continues to call upon the implementation of favorable policies critical to the industrialization of Zimbabwe, in order to boost exports and foreign currency generation.

During the year, the company maintained its manpower capacity at a headcount of 300. The Company values the skill in making quality cables therefore has continued to invest in learnership and apprenticeship programs for its industrial, mechanical and electronics engineers and technicians to foster continued innovation.

Copper reclamation and recycling remains an important process to CAFCA's operations. Recycled copper was 30% of material usages during the year and CAFCA commits to give care to the environment through recycling.

Safety remains our number 1 priority. I would like to congratulate the management team and staff at CAFCA on the safety award at the NSSA awards ceremony.

c. Capital Allocation & Value Creation

Achieving scale while at the same time being sensitive to economic cycles obtaining in our operating environment has remained a priority for CAFCA. During the period, volumes grew by 10% despite the challenging trading environment. Operating margins however declined by 20% due to the sales mix favoring low margin direct sales. In addition, costs of power and wages increased during the year by 6% as the impact of inflation in real terms caught up with CAFCA's operations. Interventions are now in place to improve efficiency and margins.

The Company is constantly reviewing its strategic capital allocation in inventory to ensure effective value preservation. In addition, the company will continue investment in cutting edge technologies and upgrades of key equipment.

Future Performance

Given the strategic initiatives adopted by CAFCA, the Company is positioned to take advantage of growth opportunities that lie ahead, as the Company pursues competitiveness through manufacturing excellence.

Acknowledgements

I would like to express my gratitude to the board, management, and staff on following through with our strategic initiatives to deliver value to our stakeholders.

V. Nyakudya
CHIEF EXECUTIVE OFFICER

Statement of financial position
As at 30 September 2024

	Notes	2024 ZWG	2023 ZWG
ASSETS			
Non-current assets			
Property, plant and equipment	6	<u>519 072 661</u>	<u>11 673 259</u>
Current assets			
Inventories	7	321 029 183	266 337 596
Trade and other receivables	8	72 180 486	90 765 535
Cash and bank balances	9	14 361 284	10 331 107
Income tax asset	14	-	5 754 370
		<u>407 570 953</u>	<u>373 188 608</u>
Total assets		<u><u>926 643 614</u></u>	<u><u>384 861 867</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	10.2	887	887
Share premium	10.2	7 609 604	2 709 246
Share option reserve	10.3	-	4 976 618
Retained earnings		329 036 652	246 671 209
Revaluation reserve		<u>477 599 169</u>	<u>-</u>
Total equity		<u><u>814 246 312</u></u>	<u><u>254 357 960</u></u>
Non-current liabilities			
Deferred tax liabilities	11	<u>21 389 587</u>	<u>26 667 446</u>
Current liabilities			
Bank overdrafts	9	-	15 082 156
Trade and other payables	12	29 107 152	18 781 359
Provisions for other liabilities and charges	13	15 860 583	13 922 060
Current tax payable	14	1 531 824	-
Dividend payable	15	<u>44 508 156</u>	<u>56 050 886</u>
		<u>91 007 715</u>	<u>103 836 461</u>
Total equity and liabilities		<u><u>926 643 614</u></u>	<u><u>384 861 867</u></u>

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Mkushi H. P.

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Nyakudya V.

**Statement of profit or loss and other comprehensive income
For the year ended 30 September 2024**

	Notes	2024 ZWG	2023 ZWG
Revenue	16	598 389 003	629 940 533
Cost of sales	17	<u>(339 009 351)</u>	<u>(347 185 042)</u>
Gross profit		259 379 652	282 755 491
Distribution costs	17	(2 036 648)	(2 196 503)
Administrative expenses	17	(85 959 580)	(89 564 667)
Other income	18	36 314 540	52 448 537
Allowance for impairment	17	(9 651 837)	(782 324)
Other gains	19	<u>807 863</u>	<u>960 594</u>
Operating profit		198 853 990	243 621 128
Finance cost	20	(5 283 609)	(11 325 615)
Finance income	20	331	137
Monetary (loss)/gain		<u>(12 400 401)</u>	<u>13 740 028</u>
Profit before income tax		181 170 311	246 035 678
Income tax expense	21	<u>(57 416 963)</u>	<u>(46 402 249)</u>
Profit for the period		<u>123 753 348</u>	<u>199 633 429</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss;			
Revaluation surplus	6	502 735 967	-
Income tax relating components of other comprehensive income		<u>(25 136 798)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax		<u>477 599 169</u>	<u>-</u>
Total comprehensive income for the year		<u>601 352 517</u>	<u>199 633 429</u>
		ZWG cents	ZWG cents
Basic earnings per share	22	365	591
Headline earnings per share	22	362	588
Diluted earnings per share	22	365	588
		USD Cents	USD Cents
Dividend per share		4.90	7.90

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

**Statement of changes in equity
For the year ended 30 September 2024**

	Notes	Share capital ZWG	Share premium ZWG	Share option reserve ZWG	Revaluation reserve ZWG	Retained earnings ZWG	Total ZWG
Balance as at 1 October 2022		887	2 384 851	3 394 207	-	103 088 666	108 868 611
Total comprehensive income for the year		-	-	-	-	199 633 429	199 633 429
Profit for the year		-	-	-	-	199 633 429	199 633 429
Other comprehensive income for the year		-	-	-	-	-	-
Transactions with owners in their capacity as owners:							
Share options exercised	10.3	-	128 677	-	-	-	128 677
Transfer between reserves	10.3	-	195 718	(195 718)	-	-	-
Share option expense	10.3	-	-	1 778 129	-	-	1 778 129
Dividend declared	15.3	-	-	-	-	(56 050 886)	(56 050 886)
Balance as at 30 September 2023		887	2 709 246	4 976 618	-	246 671 209	254 357 960
Balance as at 1 October 2023		887	2 709 246	4 976 618	-	246 671 209	254 357 960
Total comprehensive income for the year		-	-	-	-	123 753 348	123 753 348
Profit for the year		-	-	-	-	123 753 348	123 753 348
Other comprehensive income for the year		-	-	-	-	-	-
Transaction with owners:							
Share options exercised	10.3	-	25 488	-	-	-	25 488
Transfer between reserves	10.3	-	4 874 870	(4 874 870)	-	-	-
Share option expense	10.3	-	-	(101 748)	-	-	(101 748)
Revaluation reserve	6	-	-	-	477 599 169	-	477 599 169
Dividend declared	15.3	-	-	-	-	(41 387 905)	(41 387 905)
Balance as at 30 September 2024		887	7 609 604	-	477 599 169	329 036 652	814 246 312

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

**Statement of cash flows
for the year ended 30 September 2024**

	Notes	2024 ZWG	2023 ZWG
Cash flows from operating activities			
Profit before income tax		181 170 311	246 035 678
Adjustments for:			
Depreciation	6	288 305	1 750 407
Loss/(Gain)on net monetary assets		12 400 401	(13 740 028)
Profit from disposal of motor vehicles	19	(807 863)	(960 594)
Non-cash employee benefit expense - share based	18	(101 748)	1 778 129
Finance cost	20	5 283 609	11 325 615
Finance income	20	(331)	(137)
Working capital changes:			
Increase in inventories		(54 691 587)	(135 427 491)
Decrease/(Increase) in trade and other receivables		18 585 049	(61 841 657)
Increase in trade and other payables		10 325 793	12 387 118
Increase in provision for other liabilities		1 938 523	6 605 930
Net cash generated from operations		174 390 463	67 912 971
Finance cost	20	(5 283 609)	(11 325 615)
Finance income	20	331	137
Income taxes paid	14	(19 716 112)	(51 928 403)
Net cash generated from operating activities		149 391 073	4 659 090
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(5 905 634)	(6 450 585)
Proceeds from sale of motor vehicles		807 863	960 594
Net cash utilised in investing activities		(5 097 771)	(5 489 991)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		-	(3 096 323)
Proceeds from issuance of shares - share options	10	25 488	128 677
Dividend paid	15	(52 930 635)	-
Net cash utilised in financing activities		(52 905 147)	(2 967 646)
Increase in cash and cash equivalents		91 388 155	(3 798 546)
Cash and cash equivalents at the beginning of the year		(4 751 049)	(3 916 785)
Effects of inflation on cash and cash equivalents		(72 275 822)	2 964 283
Cash and cash equivalents at the end of the year	9	14 361 284	(4 751 049)

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

Notes to the financial statements
For the year ended 30 September 2024

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 7 November 2024.

2 MATERIAL ACCOUNTING POLICY INFORMATION

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 with an aim to comply with IFRS® Accounting Standards and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), except for non-compliance with International Accounting Standard (IAS) 21 - The Effects of Foreign Exchange Rates (with respect to change in functional currency).

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**.

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 (ZWL) 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.

On 29 March 2020, The Government of Zimbabwe then issued Statutory Instrument 85 of 2020 which was valid until 30 June 2025 which reintroduced the use of multi-currencies. The cut off date was further extended by Statutory Instrument 218 of 2023 gazetted on 27 October 2023 which extended the multi-currency regime to 2030.

Notes to the financial statements
For the year ended 30 September 2024

2.1. Functional and presentation currency (continued)

On 29 March 2020, The Government of Zimbabwe then issued Statutory Instrument 85 of 2020 which was valid until 30 June 2025 which reintroduced the use of multi-currencies. The cut off date was further extended by Statutory Instrument 218 of 2023 gazetted on 27 October 2023 which extended the multi-currency regime to 2030.

After the multi-currency extension, significant inflationary pressures on the ZWL led to an increase in the level of USD transactions for the period under review. The income statement was dominated by USD transactions.

In light of this increased level of USD transactions, the Directors conducted a thorough assessment of the factors influencing the determination of the Company's functional currency. The assessment considered factors such as primary economic activities, currency of transactions, cash flow patterns, the regulatory environment and long-term stability.

The Company continued to use the ZWL as its functional and reporting currency, whilst monitoring the economic developments to determine whether there will be need to change the functional currency in the near future.

On 5 April 2024, the Government of Zimbabwe through Statutory Instrument 60 of 2024, introduced a new currency, Zimbabwe Gold (ZWG) to be the unit of account for transactions previously denominated in ZWL. Following the introduction of ZWG, management reassessed the functional currency and determined that the USD continued to be the Company's functional currency.

Due to uncertainties naturally obtaining in a multi currency system, and the subsequent change from ZWL to a structured currency, ZWG, the directors opted to delay the formal adoption of USD as functional currency.

Conversion from Zimbabwe Dollar to Zimbabwe Gold

Following the Introduction of the Zimbabwe Gold Currency by the Reserve Bank of Zimbabwe (RBZ) on 5 April 2024 and the Statutory Instrument (SI) 60 of 2024, all the previously existing Zimbabwe Dollar (ZWL) balances were converted into ZWG as at that date. The swap rate of ZWG 1: ZWL 2 498.7242 was used as guided by the closing interbank exchange rate and the price of gold as at that date. The previously reported balances and transactions between 1 October 2023 and 31 March 2024 were inflated to the 31st of March 2024.

Notes to the financial statements
For the year ended 30 September 2024

2.1.1 Functional and presentation currency (continued)

These amounts were converted using the same rate for adoption as the comparative balances and current balances in these financial statements for the period ended 30 September 2024. The transactions that occurred between 6 April 2024 and 30 September 2024 have not been restated using the Consumer Price Index (CPI) given that the ZWG has not as yet exhibited all the characteristics that would indicate that it is a currency of a hyperinflationary economy. Opening balances on the statement of financial positions were hyperinflated to the 31st of March 2024.

2.1.2 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations effective for the first time for 30 September 2024 year end that are relevant to the Company:

At the date of authorisation of these financial statements, several new but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

IAS 8 - Definition of Accounting Estimates (Amendments to IAS 8)

- The amendments include a definition of 'accounting estimates' as well as other amendments to IAS 8 that will help entities distinguish changes in accounting policies from changes in accounting estimates;
- This distinction between these two types of changes is important as changes in accounting policies are normally applied retrospectively to past transactions and events, whereas changes in accounting estimates are applied prospectively to future transactions and events;
- The amendments affect all entities that could potentially have a change in accounting estimate or change in accounting policy; and
- These amendments could have the potential to have a significant impact if an entity has incorrectly concluded a transaction is a change in accounting estimate rather than a change in accounting policy or vice versa.

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

Notes to the financial statements For the year ended 30 September 2024

2.1.2 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations effective for the first time for 30 September 2024 year end that are relevant to the Company (continued):

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;
- The amendments affect all entities that could potentially have a change in accounting estimate or change in accounting policy; and
- 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**.

IFRS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

- The amendments require an entity to recognise deferred tax on certain transactions (eg leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition;
- The amendments clarify that the initial recognition exemption set out in IAS 12 'Income Taxes' does not apply and entities are required to recognise deferred tax on these transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations;
- The amendments affect all entities with leases accounted for under IFRS 16; and
- The impact is on initial recognition of these transactions with the aim to reduce diversity in practice. In many instances it will not have a major impact.

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

Notes to the financial statements For the year ended 30 September 2024

2.1.2 Changes in accounting policy and disclosures (continued)

- (b) New standards, amendments and interpretations issued but not effective for 30 September 2024 year end that are relevant to the Company but have not been early adopted:**

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. The directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the Company.

IAS 1 - Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments clarify the guidance in IAS 1 by:

- The amendments elaborate on guidance set out in IAS 1 by clarifying 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;
- The amendments elaborate on guidance set out in IAS 1 by stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability;
- And also 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 should be applied retrospectively, with entities being allowed to apply them to an earlier period, as long as they disclose that they have done so;
- The amendments affect entities with borrowing arrangements so therefore the impact could be widespread; and
- These amendments could have a significant impact on an entity's presentation of their borrowings which in turn could impact important financial ratios.

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

IAS 1 - Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments clarify the guidance in IAS 1 by:

- The amendments set out in 'Non-current Liabilities with Covenants (Amendments to IAS 1)' state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements;
- The IASB wants these amendments to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt;

Notes to the financial statements

For the year ended 30 September 2024

2.1.2 Changes in accounting policy and disclosures (continued)

- (b) **New standards, amendments and interpretations issued but not effective for 30 September 2024 year end that are relevant to the Company but have not been early adopted (continued):**

IAS 1 - Non-current Liabilities with Covenants (Amendments to IAS 1) (continued)

- The amendments affect entities with borrowing arrangements so therefore the impact could be widespread; and
- These amendments could have a significant impact on an entity's presentation of their borrowings which in turn could impact important financial ratios.

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

IFRS 16 - Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

- The amendments state that previously IFRS 16 only included guidance on how to account for sale and leaseback transactions at the date of the transaction itself. However, the Standard did not specify any subsequent accounting when reporting on the sale and lease back transaction after that date;
- As a result, without further requirements, when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use they retained even though no transaction or event would have occurred to give rise to that gain;
- Consequently, the IASB decided to include subsequent measurement requirements for sale and leaseback transactions to IFRS 16, as amendments affect entities accounting for a sale and leaseback transaction; and
- These amendments would only impact the subsequent accounting for a sale and leaseback transaction, while these amounts could be material, in most cases it is unlikely to have a significant impact.

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

IAS 7 & IFRS 7 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

- The amendments require additional disclosures that complement the existing disclosures in these
 - the terms and conditions of the arrangement;
 - the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position;

Notes to the financial statements For the year ended 30 September 2024

2.1.2 Changes in accounting policy and disclosures (continued)

- (b) New standards, amendments and interpretations issued but not effective for 30 September 2024 year end that are relevant to the Company but have not been early adopted (continued):**

IAS 7 & IFRS 7 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (continued)

- ranges of payment due dates; and
- liquidity risk information.
- These additional disclosure requirements address investors wanting more visibility around supplier finance arrangements, which in some jurisdictions around the world are better known as reverse factoring arrangements;
- The amendments apply to all entities that engage in supplier financing arrangements; and
- The amendments will require new disclosures to be prepared with more detailed information provided on their supplier finance arrangements. Depending on the complexity or volume of such arrangements this may result in significantly more disclosures.

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

IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)

- The objective is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose, financial reports in making decisions relating to providing resources to the entity;
- The Company shall apply this Standard in preparing and reporting sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this Standard;
- Fair presentation requires disclosure of relevant information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those sustainability-related risks and opportunities;
- The amendments apply to all entities that engage in supplier financing arrangements; and
- Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity's sustainability-related financial disclosures.

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

Notes to the financial statements

For the year ended 30 September 2024

2.1.2 Changes in accounting policy and disclosures (continued)

- (b) **New standards, amendments and interpretations issued but not effective for 30 September 2024 year end that are relevant to the Company but have not been early adopted (continued):**

IFRS S1 (Climate-related Disclosures)

IFRS S2 has been developed to capture climate-specific requirements which includes:

- Strategy disclosures that distinguish between physical and transitional risks;
- Disclosure of their plans to respond to climate-related risks and opportunities, including how climate-related targets are set and any targets it is required to meet by law or regulation; and
- Companies should perform scenario analysis to explain how various climate-related events may impact the business in the future; and
- Climate-related metrics and target disclosures should include:
 - Cross-industry metrics that are relevant to all companies e.g. greenhouse gas emissions, refer to our publication on 'What are sustainability scope 1, 2 and 3 emissions?' for more information on greenhouse gas emissions;
 - Industry-based metrics relevant to companies within the related industries; and
 - Company specific metrics considered by the board or management when measuring progress towards set targets.

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

IAS 21 - Lack of Exchangeability (Amendments to IAS 21)

- The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements.

- The amendments:
 - introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability. This includes application guidance included in a new Appendix A;

 - provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable; and;

 - require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability, and details of the spot exchange rate used and the estimation process.

Notes to the financial statements For the year ended 30 September 2024

2.1.2 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations issued but not effective for 30 September 2024 year end that are relevant to the Company but have not been early adopted (continued):

IAS 21 - Lack of Exchangeability (Amendments to IAS 21) (continued)

- These amendments only affect entities that are required to report foreign currency transactions where there is a long-term lack of exchangeability between currencies; and
- Affected entities may be required to adjust the carrying value of any monetary items that have been translated from a foreign currency which is not exchangeable, and will be required to provide additional disclosures on how the new spot rate has been determined.

The amendments are effective for reporting periods beginning on or after **1 January 2025**.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 was developed to address the lack of detailed requirements in IAS 1 for the following areas:

- the classification of income and expenses in the statement of profit or loss;
- the presentation of subtotals in the statement of profit or loss; and
- the aggregation and disaggregation of information presented in the primary financial statements or disclosed in the notes.

IFRS 18 requires foreign exchange differences to be classified in the same category of the statement of profit or loss as the income and expenses from items that gave rise to the foreign exchange differences.

The assessment of an entity's main business activities is therefore going to be a key judgement which may significantly impact the geography of where items appear in the statement of profit or loss.

IFRS 18 introduces the concept of a 'management-defined performance measure' (MPM) in order to address the significant diversity in practice currently seen when it comes to so-called 'alternative performance measures' and any non-GAAP performance measures.

The Standard requires entities that present expenses classified by function to disclose the amount of depreciation, amortisation, employee benefits, impairment losses and write-down of inventories included in each line in the operating category of the statement of profit or loss.

The amendments are effective for reporting periods beginning on or after **1 January 2027**.

Notes to the financial statements For the year ended 30 September 2024

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 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.

Notes to the financial statements For the year ended 30 September 2024

2.4 Property, plant and equipment (continued)

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 profit or loss and other comprehensive income.

2.5 Revaluation of property, plant and equipment

Initial application of a policy to revalue assets according to IAS 16 Property, plant and equipment - Revaluation of property, plant and equipment.

CAFCA Limited has adopted the revaluation model for its property, plant, and equipment as of 30 September 2024, in accordance with IAS 16 - Property, Plant and Equipment.

This represents an initial application of a revaluation policy for these assets, rather than a change in accounting policy under IAS 8 - Accounting Policies, Changes in Accounting Estimates, and Errors.

The Company previously carried property plant and equipment, including land and buildings, at cost less accumulated depreciation. The revalued property consists of industrial land and buildings. The fair value of properties was determined by using market, income and cost approaches. The difference between the carrying amount before revaluation and the fair value as at 30 September 2024 was deemed to be the revaluation in ZWG terms and was classified under other comprehensive income.

At date of revaluation, 30 September 2024, the properties' fair values were determined by Knight Frank Zimbabwe, an accredited independent valuer. The valuations performed by the valuer are based on active

market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

Notes to the financial statements
For the year ended 30 September 2024

2.5 Revaluation of property, plant and equipment (continued)

The change was made to provide a more relevant and reliable reflection of the fair value of the company's assets in the financial statements. This approach better aligns the book values with the current market conditions, supporting more informed decision-making by users of the financial statements.

Transition

In accordance with IAS 8.17 Accounting Policies, Changes in Accounting Estimates, this change in policy has been applied prospectively.

Valuation of industrial properties

Valuations of industrial properties are based on comparative and investment methods. The investment method involves the capitalisation of expected rental income by an appropriate rate. The comparative approach seeks to ascribe to the subject property a value similar to that achieved for comparable properties. Through the comparative method, rental value rates and capitalisation rates for similar properties sold are assessed. After appropriate adjustments to the comparables to reflect the type of the property, quality, location and risk, the rental value and capitalisation rates of the subject property are determined.

Valuation of holiday homes

The market approach was used to value holiday home in Nyanga. This approach adopts the principle that the value of one property may be derived by comparing it directly with market transactions for similar properties.

Valuation considerations

There is limited and dated transactions evidence. The economy is dollarising but there are limited United States dollars (USD) available for purchases. Our valuation is based on comparable sales data which has been adjusted to reflect the quality and location of the subject Property. Although the issue of sustainability and ESG-related factors is becoming increasingly important globally, the local market is yet to develop robust and widely adopted practices and matrices to measure building performance and, at present, there is no legislation and regulation on ESG-related issues. Furthermore, there is no evidence to suggest that participants within the real estate sector are factoring these considerations in their decision-making.

Notes to the financial statements
For the year ended 30 September 2024

2.5 Revaluation of property, plant and equipment (continued)

Fair value hierarchy

The following table shows an analysis of the fair values of property, plant and equipment recognised in the statement of financial position by level of the fair value hierarchy:

	Land	Buildings	Plant and equipment	Total
	ZWG	ZWG	ZWG	ZWG
Fair value measurement using significant unobservable inputs (Level 3)				
Net replacement value	<u>107 010 000</u>	<u>150 612 000</u>	<u>252 069 300</u>	<u>509 691 300</u>
Reconciliation of revalued amounts:				
Opening carrying amount	288 114	1 420 065	5 253 708	6 961 887
Depreciation charge for the year	<u>-</u>	<u>(4)</u>	<u>(6 550)</u>	<u>(6 554)</u>
Carrying amount under cost model	288 114	1 420 061	5 247 158	6 955 333
Revaluation surplus	<u>106 721 886</u>	<u>149 191 939</u>	<u>246 822 142</u>	<u>502 735 967</u>
Closing carrying amount	<u>107 010 000</u>	<u>150 612 000</u>	<u>252 069 300</u>	<u>509 691 300</u>

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, 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.

Notes to the financial statements
For the year ended 30 September 2024

2.7 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

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss

All impairment losses are recognised in profit or loss.

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.

**Notes to the financial statements
For the year ended 30 September 2024****2.7 Financial instruments (continued)****Impairment of financial assets (continued)**

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'); and

- '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.

Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 240 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

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.

Notes to the financial statements For the year ended 30 September 2024

2.7 Financial instruments (continued)

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.

2.8 Inventories

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

2.9 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.

2.10 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.

Notes to the financial statements For the year ended 30 September 2024

2.10 Current income and deferred tax (continued)

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.

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.

2.11 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.

Notes to the financial statements

For the year ended 30 September 2024

2.11 Provisions (continued)

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.

2.12 Revenue recognition

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

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 at a point in time 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 at a point in time recognised when the Company sells a product to the customer.

(c) Consignment inventory

Revenue from consignment arrangement is recognised at a point in time when the goods have been sold by the consignee. Control of goods is not passed to the consignee when the consignment stock is held by the consignee.

Notes to the financial statements

For the year ended 30 September 2024

2.13 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.

2.14 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 expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

Notes to the financial statements

For the year ended 30 September 2024

(d) Share-based payments (continued)

- including any market performance conditions (e.g. the Company's share price)
- 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.

2.15 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.

2.16 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.

Notes to the financial statements
For the year ended 30 September 2024

3.1 Financial risk factors (continued)

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 ZWG, 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 (2023: ZWGnil).

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 (2023:ZWG15m).

3.1 Financial risk factors (continued)

(b) Credit risk

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

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

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

Credit limits are monitored based on the financial position and history of the customer's ability to pay. In the view of management, the credit quality of trade receivables is considered sound.

The Company's maximum exposure to credit risk by class of financial asset on statement of financial position is as follows:

	2024	2023
	ZWG	ZWG
Trade and other receivables (excluding prepayments and statutory receivables)	59 581 104	72 923 029
Cash and cash equivalents	14 361 284	10 331 107
	<u>73 942 388</u>	<u>83 254 136</u>

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:

Notes to the financial statements For the year ended 30 September 2024

3.1 Financial risk factors (continued)

(b) Credit risk

Trade receivables (excluding amounts due from related parties)

Counterparties without external credit rating:

Group 1 Existing customers with no

defaults in the past.	59 581 104	72 923 029
Group 2 Existing customers with some defaults in the past.	-	-
All defaults were fully recovered.	-	-
Group 3 Existing customers with defaults not recovered.	-	-
	<u>59 581 104</u>	<u>72 923 029</u>

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.

Trade receivables mainly comprise of foreign customers (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.

Notes to the financial statements
For the year ended 30 September 2024

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:

	Current ZWG	More than 30 days past due ZWG	More than 60 days past due ZWG	More than 90 days past due ZWG	More than 120 days past due ZWG	Total ZWG
30 September 2024						
Expected credit loss rate	0.13%	0.20%	0.17%	0.05%	100%	
Gross carrying amount						
– trade receivables	12 819 747	8 211 559	9 274 485	29 339 465	9 675 050	69 320 306
Credit loss allowance	(16 033)	(16 040)	(16 040)	(16 040)	(9 675 050)	(9 739 202)
Net carrying amount	<u>12 803 714</u>	<u>8 195 519</u>	<u>9 258 445</u>	<u>29 323 425</u>	<u>-</u>	<u>59 581 104</u>

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.

Notes to the financial statements
For the year ended 30 September 2024

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:

	Current ZWG	More than 30 days past due ZWG	More than 60 days past due ZWG	More than 90 days past due ZWG	More than 120 days past due ZWG	Total ZWG
30 September 2023						
Expected credit loss rate	0%	22%	1.47%	4.07%	100%	
Gross carrying amount						
– trade receivables	50 137 715	1 121 718	16 626 123	6 018 264	22 771	73 926 591
Credit loss allowance	(245 198)	(245 198)	(245 198)	(245 198)	(22 771)	(1 003 562)
Net carrying amount	<u>49 892 517</u>	<u>876 520</u>	<u>16 380 925</u>	<u>5 773 066</u>	<u>-</u>	<u>72 923 029</u>

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.

Notes to the financial statements
For the year ended 30 September 2024

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

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

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

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

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

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

For the year ended 30 September 2024

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

At 30 September 2024

Assets

Trade and other receivables (excluding prepayments and statutory receivables)

Cash and cash equivalents

	Up to 1 year ZWG	1 year to 5 years ZWG	Total ZWG
	59 581 104	-	59 581 104
	14 361 284	-	14 361 284

	73 942 388	-	73 942 388
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Liabilities

Trade and other payables (excluding statutory liabilities)

Borrowings

Dividend payable

	29 107 152	-	29 107 152
	-	-	-
	41 387 905	3 120 251	44 508 156

	70 495 057	3 120 251	73 615 308
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Liquidity gap

	44 835 236	-	327 080
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Cumulative liquidity surplus

	3 447 331	(3 120 251)	327 080
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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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

At 30 September 2023	Up to 1 year ZWG	1 year to 5 years ZWG	Total ZWG
Assets			
Trade and other receivables (excluding prepayments and statutory receivables)	72 923 029	-	72 923 029
Cash and cash equivalents	10 331 107	-	10 331 107
	<u>83 254 136</u>	<u>-</u>	<u>83 254 136</u>
Liabilities			
Trade and other payables (excluding statutory liabilities)	18 781 359	-	18 781 359
Borrowings	15 082 156	-	15 082 156
Dividend payable	56 050 886	-	56 050 886
	<u>89 914 401</u>	<u>-</u>	<u>89 914 401</u>
Liquidity gap	<u>(6 660 265)</u>	<u>-</u>	<u>(6 660 265)</u>
Cumulative liquidity surplus	<u>(6 660 265)</u>	<u>-</u>	<u>(6 660 265)</u>

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.

Notes to the financial statements
For the year ended 30 September 2024

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.

	2024	2023
	ZWG	ZWG
The gearing ratio as at 30 September was as follows:		
Total borrowings	-	15 082 156
Less: cash and cash equivalents	<u>(14 361 284)</u>	<u>(10 331 107)</u>
Net debt	(14 361 285)	4 751 049
Total equity	<u>814 246 312</u>	<u>254 357 960</u>
Total capital	<u><u>799 885 027</u></u>	<u><u>259 109 009</u></u>
Gearing ratio	-2%	2%

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 2024 (2023: ZWGnil).

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) Change in Functional Currency and Discontinuation of Hyperinflationary Accounting

Change in Functional and Presentation Currency

On 5 April 2024, the Government of Zimbabwe introduced the ZWG currency to replace the ZWL as the official currency. Consequently, the Company's functional and presentation currency has changed from ZWL to ZWG. This currency change has been applied prospectively in the financial statements from 6 April 2024.

Impact on Financial Reporting and Comparability

As of 6 April 2024, the Company ceased applying IAS 29 – Financial Reporting in Hyperinflationary Economies because the ZWG has not as yet exhibited all the characteristics that would indicate that it is a currency of a hyperinflationary economy. Therefore, the financial statements are now prepared on a historical cost basis, without inflation adjustments.

Comparative figures for the prior period, originally presented in ZWL and adjusted for hyperinflation, have been translated into ZWG for comparative purposes. However, these comparative amounts reflect historical cost amounts as of the currency change date, and no further hyperinflation adjustments have been made.

Restatement of Balances

The comparative balances and figures are shown in ZWG, but they reflect historical cost as at 30 September 2023 without further adjustment for hyperinflation. Any restatements have been made solely to align with the new presentation currency and do not reflect hyperinflationary accounting.

Inflation adjustment

The Company used the inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Zimbabwe National Statistics Office (ZimStats). The following factors were applied:

Notes to the financial statements
For the year ended 30 September 2024

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Inflation adjustment (continued)

The conversion factors to restate the comparative and transactions that happened between 30 September 2023 and 31 March 2024 are as follows:

Period/Month	Factor (TCPL)
30 September 2023	9.59
30 March 2024	1.00

The Total Consumption Poverty Line (TCPL) released by Zimbabwe Central Statistical Office (ZIMSTAT), was used to estimate and apply inflation rates for the period ended 31 March 2024 in accordance with International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary Economies" in the preparation of its financial statements.

b) Carrying amount of property, plant and equipment

The Company carried out an impairment assessment of plant and equipment as at 30 September 2024. 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 2024 (2023: ZWG 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Impairment review

The recoverable amount of the CGU was determined based on value in use of the plant and equipment. The calculation was based on approved budgetary forecasts, internal forecasts of operating costs, capital expenditure production volumes, costs of production, future cash flows for the next three years, inflation and long term real discount rates. The estimated future cash flows were based on the approved 2025 budget inflated by constant gross profit margins and revenue growth rates, which is based on the Zimbabwe National Budget. Long-term growth rates are based on the Business Monitor International ("BMI") reports, which are specific to Zimbabwe. Also taken into account are the expectations about possible variations in the amount or timing of future cash flows and the time value of money. To address the time value of money, management determined the appropriateness of the applied discount rate. The discount rate applied is the country risk, which has been adjusted for foreign risk and specific risks relating to the Company.

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

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

The Company's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on projected life cycles of these assets. It could change significantly as a result of technological innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

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 volatile 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:

- Revenue declined marginally during the year to ZWG 598 million compared to ZWG 630 million recorded during the 2023 financial year.
- The profitability of the Company also decreased marginally with the Company reporting a profit before income tax of ZWG156million for the year ended 30 September 2024, compared to a profit for the year of ZWG245 million for the same period last year.

d) Going concern (continued)

- Continued cost containment and reduction measures, capital expenditure rationalisation and optimising efficiencies on existing capital.

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 2024

5 SEGMENT 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:

	2024	2023
	ZWG	ZWG
Revenue from customers domiciled in Zimbabwe	544 911 101	577 081 634
Revenue from external customers	<u>53 477 902</u>	<u>52 858 899</u>
	<u><u>598 389 003</u></u>	<u><u>629 940 533</u></u>

Entity-wide information

The Company has only one reportable segment. The total carrying amount of non-current assets located in Zimbabwe is ZWG 519 million (2023: ZWG 11.7 million) due to revaluation Property, Plant and Equipment 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 2024 is as follows:

	2024	2024	2023	2023
	Cables	Total	Cables	Total
	ZWG	ZWG	ZWG	ZWG
Revenue from customers	598 389 003	598 389 003	629 940 533	629 940 533
Depreciation	(288 305)	(288 305)	(1 750 407)	(1 750 407)
Share option charge	101 748	101 748	1 778 129	1 778 129
Profit before interest and taxation	198 853 990	198 853 990	243 621 128	243 621 128
Finance income	331	331	137	137
Finance cost	5 283 609	5 283 609	11 325 615	11 325 615
Income tax expense	57 416 963	57 416 963	46 402 249	46 402 249
Total assets	926 643 614	926 643 614	384 861 867	384 861 867
Total liabilities	<u>91 007 715</u>	<u>91 007 715</u>	<u>103 836 461</u>	<u>103 836 461</u>

Notes to the financial statements
For the year ended 30 September 2024 (continued)

6 Property, plant and equipment

	Land ZWG	Buildings ZWG	Plant and equipment ZWG	Motor vehicles ZWG	Total ZWG
Year ended 30 September 2023					
Opening carrying amount	288 114	1 475 714	3 815 202	1 501 441	7 080 471
Additions	-	-	1 989 657	4 460 928	6 450 585
Disposal	-	-	-	(107 390)	(107 390)
Depreciation charge for the year	-	(55 649)	(551 151)	(1 143 607)	(1 750 407)
Closing carrying amount	288 114	1 420 065	5 253 708	4 711 372	11 673 259
As at 30 September 2023					
Cost	288 114	2 219 176	10 660 209	7 425 509	20 593 008
Accumulated depreciation	-	(799 111)	(5 406 501)	(2 714 137)	(8 919 749)
Closing carrying amount	288 114	1 420 065	5 253 708	4 711 372	11 673 259
Year ended 30 September 2024					
Opening carrying amount	288 114	1 420 065	5 253 708	4 711 372	11 673 259
Revaluation surplus	106 721 886	149 191 939	246 822 142	-	502 735 967
Additions	-	-	-	5 905 634	5 905 634
Disposal	-	-	-	(953 894)	(953 894)
Depreciation charge for the year	-	(4)	(6 550)	(281 751)	(288 305)
Closing carrying amount	107 010 000	150 612 000	252 069 300	9 381 361	519 072 661
As at 30 September 2024					
Cost /Revalued Balance	107 010 000	150 612 000	252 069 300	11 997 651	521 688 951
Accumulated depreciation	-	-	-	(2 616 290)	(2 616 290)
Closing carrying amount	107 010 000	150 612 000	252 069 300	9 381 361	519 072 661

The Company engaged a professional independent valuer, Knight Frank, who carried out valuation of the Company's property, plant and equipment excluding motor vehicles. The valuation was carried out as at 30 September 2024.

Notes to the financial statements
For the year ended 30 September 2024 (continued)

	2024	2023
	ZWG	ZWG
7 INVENTORIES		
Raw materials and consumables	73 969 723	74 958 956
Work in progress	9 013 084	6 877 391
Finished goods	<u>238 046 826</u>	<u>184 528 232</u>
	321 029 633	266 364 579
Provision for slow moving and obsolete inventories	<u>(450)</u>	<u>(26 983)</u>
	<u><u>321 029 183</u></u>	<u><u>266 337 596</u></u>

There were no inventories written down to net realisable value during the year (2023: ZWG nil). There were no inventories pledged as security during the year (2023: ZWG nil).

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

As at 1 October	26 983	219 240
Provision reversed during the year	<u>(26 533)</u>	<u>(192 257)</u>
As at 30 September	<u><u>450</u></u>	<u><u>26 983</u></u>

8 TRADE AND OTHER RECEIVABLES

Trade receivables - gross	69 320 306	73 926 591
Less: Allowance for expected credit losses	<u>(9 739 202)</u>	<u>(1 003 562)</u>
Trade receivables - net	59 581 104	72 923 029
Value added tax	6 370 763	-
Prepayments	5 945 962	17 577 904
Other receivables	<u>282 657</u>	<u>264 602</u>
	<u><u>72 180 486</u></u>	<u><u>90 765 535</u></u>

Impairment and risk exposure

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

Notes to the financial statements
For the year ended 30 September 2024 (continued)

	2024	2023
	ZWG	ZWG
8 TRADE AND OTHER RECEIVABLES (continued)		
Allowance for expected credit losses- net:		
As at 1 October	1 003 562	778 250
Charge to profit of loss for the year (note17)	9 651 837	782 324
Effects of inflation	<u>(916 197)</u>	<u>(557 012)</u>
As at 30 September	<u><u>9 739 202</u></u>	<u><u>1 003 562</u></u>

The carrying amounts of the Company's trade and other receivables are denominated in ZWG.

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.

9 CASH AND CASH EQUIVALENTS : FOR PURPOSES OF THE CASH FLOW STATEMENT

Cash and bank balances

Cash at bank	14 183 197	5 617 984
Cash on hand	<u>178 087</u>	<u>4 713 123</u>
	<u><u>14 361 284</u></u>	<u><u>10 331 107</u></u>

Overdrafts

Bank overdraft	<u>-</u>	<u>(15 082 156)</u>
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Cash and cash equivalents	<u><u>14 361 284</u></u>	<u><u>(4 751 049)</u></u>
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Notes to the financial statements

For the year ended 30 September 2024 (continued)

	2024	2023		
	ZWG	ZWG		
10 RESERVES				
10.1 Authorised				
50 000 000 ordinary shares with a nominal value of ZWG 0.00001 each.	<u>1 340</u>	<u>1 340</u>		
100 000 5.5% cumulative preference shares of ZWG 0.00001 each	<u>1</u>	<u>1</u>		
10.2 Issued and fully paid				
	Number of	Nominal	Share	Total
	ordinary	value of	premium	ZWG
	shares	ordinary	ZWG	ZWG
		shares		
		ZWG		
As at 1 October 2022	33 589 000	887	2 384 851	2 385 738
Employee share option scheme:				
Shares issued	200 000	-	128 677	128 677
Share options exercised	-	-	195 718	195 718
As at 30 September 2023	<u>33 789 000</u>	<u>887</u>	<u>2 709 246</u>	<u>2 710 133</u>

Notes to the financial statements

For the year ended 30 September 2024 (continued)

10.2 Issued and fully paid (continued)

	Number of ordinary shares	Nominal value of ordinary shares ZWG	Share premium ZWG	Total ZWG
As at 1 October 2023	33 789 000	887	2 709 246	2 710 133
Employee share option scheme:				
Shares issued	160 000	-	25 488	25 488
Share options exercised	-	-	4 874 870	4 874 870
As at 30 September 2024	<u>33 949 000</u>	<u>887</u>	<u>7 609 604</u>	<u>7 610 491</u>

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).

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.

Notes to the financial statements
For the year ended 30 September 2024 (continued)

10.3 Share option reserve (continued)

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

	2024	2024	2023	2023
	Number of	Exercise	Number of	Exercise
	share options	price per	options	price per
	issued	share	issued	share
		ZWG		ZWG
Options authorised	<u>3 232 700</u>		<u>3 232 700</u>	
Outstanding at the beginning of the year	<u>160 000</u>	50.00	<u>600 000</u>	<u>50.00</u>
	<u>160 000</u>		<u>400 000</u>	
Exercised	(160 000)	50.00	(200 000)	50.00
Cancelled			(40 000)	
Total shares outstanding at the end of the year	<u>-</u>		<u>160 000</u>	
Outstanding at the end of the year	<u>-</u>	50.00	<u>160 000</u>	50.00

Notes to the financial statements**For the year ended 30 September 2024 (continued)****10.3 Share option reserve (continued)**

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

Grant date	Exercisable date	Expiry date	Exercise price per share ZWG	2024 Number of share options	2023 Number of share options
6 September 2018	7 October 2021	31 December 2023	50.00	-	160 000
				-	160 000
The movement on the share option reserve is as follows:					
As at 1 October				4 976 618	3 394 207
Share options exercised				(4 874 870)	(195 718)
Charge to the income statement				(101 748)	1 778 129
As at 30 September				-	4 976 618

Notes to the financial statements
For the year ended 30 September 2024 (continued)

11 DEFERRED TAX LIABILITIES

	As at 1 October ZWG	Recognised in profit and loss ZWG	Recognised in other comprehensive income ZWG	As 30 September ZWG
Movement in temporary differences during the year ended 30 September 2024				
Property, plant and equipment	27 102 869	(23 552 375)	25 136 798	28 687 292
Provision for bonus	(261 666)	(2 474 056)	-	(2 735 722)
Leave pay	(96 911)	(1 251 467)	-	(1 348 378)
Provision for credit losses	(25 848)	(2 481 997)	-	(2 507 845)
Advance receipts	(50 998)	(654 762)	-	(705 760)
	<u>26 667 446</u>	<u>(30 414 657)</u>	<u>25 136 798</u>	<u>21 389 587</u>
Year ended 30 September 2023				
Property, plant and equipment	102 879 551	(75 776 682)	-	27 102 869
Provision for bonus	(25 578 240)	25 316 574	-	(261 666)
Leave pay	(9 570 146)	9 473 235	-	(96 911)
Provision for credit losses	(1 759 931)	1 734 083	-	(25 848)
Advance receipts	(27 795 880)	27 744 882	-	(50 998)
	<u>38 175 354</u>	<u>(11 507 908)</u>	<u>-</u>	<u>26 667 446</u>
			2024 ZWG	2023 ZWG
Deferred tax liabilities:				
Deferred tax liabilities to be settled after 12 months			<u>21 389 587</u>	<u>26 667 446</u>
Deferred tax liabilities			<u>21 389 587</u>	<u>26 667 446</u>

Notes to the financial statements
For the year ended 30 September 2024 (continued)

12 TRADE AND OTHER PAYABLES

	2024 ZWG	2023 ZWG
Trade payables	13 525 302	12 250 763
Social security expenses and other taxes	1 830 369	1 585 972
Value added tax ("VAT")	-	1 921 285
Accrued expenses	<u>13 751 481</u>	<u>3 023 339</u>
	<u>29 107 152</u>	<u>18 781 359</u>

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.

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:

	Leave pay provision ZWG	Bonus provision ZWG	Total ZWG
Year end 30 September 2023			
As at 1 October 2022	1 702 326	5 613 804	7 316 130
Utilised in the current year	(1 702 326)	(5 613 804)	(7 316 130)
Current year charge	<u>3 762 665</u>	<u>10 159 395</u>	<u>13 922 060</u>
As at 30 September 2023	<u>3 762 665</u>	<u>10 159 395</u>	<u>13 922 060</u>
Year end 30 September 2024			
As at 1 October 2023	3 762 665	10 159 395	13 922 060
Utilised in the current year	(3 762 665)	(10 159 395)	(13 922 060)
Current year charge	<u>5 236 418</u>	<u>10 624 165</u>	<u>15 860 583</u>
As at 30 September 2024	<u>5 236 418</u>	<u>10 624 165</u>	<u>15 860 583</u>
		2024	2023
		ZWG	ZWG

14 INCOME TAX PAYABLE/ (INCOME TAX ASSET)

As at 1 October	(5 754 370)	4 800 842
Effects of inflation	-	6 478 850
Tax paid during the year	(19 716 112)	(51 928 403)
Tax charge for the year	<u>27 002 306</u>	<u>34 894 341</u>
	<u>1 531 824</u>	<u>(5 754 370)</u>

CAFCA Limited

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Notes to the financial statements

For the year ended 30 September 2024 (continued)

	2024	2023
	ZWG	ZWG
15 DIVIDEND PAYABLE		
Opening balance	56 050 886	-
Dividend declared	41 387 905	56 050 886
Dividend paid	<u>(52 930 635)</u>	<u>-</u>
Closing balance	<u>44 508 156</u>	<u>56 050 886</u>
16 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from customers domiciled in Zimbabwe	544 911 101	577 081 634
Revenue from external customers	<u>53 477 902</u>	<u>52 858 899</u>
	<u>598 389 003</u>	<u>629 940 533</u>
17 EXPENSES BY NATURE		
Raw materials and consumables	260 191 602	268 788 652
Employee benefit expense (note 18.1)	83 596 276	99 802 737
Audit fees		
- Current year	945 485	137 998
Directors' emoluments		
- Fees	1 530 694	996 756
Postage and telephone	123 613	282 058
Canteen	2 322 712	1 965 232
Trade promotion	1 184 605	353 937
Plant repairs and maintenance	20 261 452	21 217 016

Building repairs and maintenance	3 696 729	4 463 828
Vehicle repairs and maintenance	2 561 416	2 704 626
Electricity and water	16 351 017	10 544 700
Depreciation (note 6)	288 305	1 750 407
Quality and ISO certifications	997 197	1 885 749
Security	4 119 529	3 401 050
Machine running expenses	2 486 127	2 066 752
Insurance	1 726 931	1 675 754
Secretarial and listing related costs	1 308 020	568 553
Legal and professional fees	745 735	787 989
Cleaning and laundry	766 133	592 258
Subscriptions	1 337 736	1 183 308
Computer expenses	3 355 191	1 519 989
	<u>430 285 473</u>	<u>433 850 835</u>

CAFCA Limited

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Notes to the financial statements
For the year ended 30 September 2024 (continued)

	2024	2023
	ZWG	ZWG
17 EXPENSES BY NATURE (continued)		
Bank charges	2 632 019	1 370 223
Travel	1 342 247	651 855
Freight outwards	2 658 030	1 243 940
Forklifts hire	3 491 457	2 613 429
Allowance for impairment of trade receivables (note 8)	9 651 837	782 324
Clinic expenses	613 378	499 715
Protective clothing	238 818	516 521
Printing and stationery	1 231 199	1 028 849
2% government levy	3 110 033	3 503 904
Packaging	207 477	189 701
Provision recognised for	(450)	(26 983)
Other expenses	1 584 866	665 709
	<u>26 760 911</u>	<u>13 039 187</u>
Total cost of sales, distribution costs and administrative expenses	<u>- 436 657 416</u>	<u>439 728 536</u>

The cost of sales, distributions costs and administrative expenses have been disclosed as follows:

Cost of sales	339 009 351	347 185 042
Distribution costs	2 036 648	2 196 503
Administrative expenses	85 959 580	89 564 667
Allowance for impairment of trade and other receivables	9 651 837	782 324
	<u>436 657 416</u>	<u>439 728 536</u>

18.1 Employee benefit expense

Salaries - executive management	23 218 575	29 069 807
Salaries and wages - non executive employees	54 661 444	62 638 700
Social security costs (note 24)	961 436	961 772
Pension costs (note 24)	3 667 733	4 398 070
Share options charge	101 748	1 778 129
Recognition expenses	141 652	71 144
Attendance hamper	843 688	885 115
	<u>83 596 276</u>	<u>99 802 737</u>

CAFCA Limited

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Notes to the financial statements
For the year ended 30 September 2024 (continued)

	2024	2023
	ZWG	ZWG
18 OTHER INCOME		
Scrap sales	823 047	705 682
Exchange gains on foreign currency balances	35 441 438	51 657 719
Sundry income	50 055	85 136
	<u>36 314 540</u>	<u>52 448 537</u>
19 OTHER GAINS		
Profit from disposal of motor vehicles	<u>807 863</u>	<u>960 594</u>
20 FINANCE INCOME		
Finance cost	5 283 609	11 325 615
Interest income on current	(331)	(137)
	<u>5 283 278</u>	<u>11 325 478</u>
21 INCOME TAX EXPENSE		
Current income tax on profits for the year	27 002 306	34 894 341
Deferred income tax charge (note 12)	30 414 657	11 507 908
	<u>57 416 963</u>	<u>46 402 249</u>
<p>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 25.75 % (2024) 24.72%(2023) .</p>		
Profit before income tax	<u>181 170 311</u>	<u>246 035 678</u>
Notional taxation on profit for the year at a statutory rate of	46 651 355	60 159 949
Tax effects of:		
Income not subject to tax		
Non-deductible expenditure	10 765 608	(13 757 700)
	<u>57 416 963</u>	<u>46 402 249</u>

CAFCA Limited

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Notes to the financial statements
For the year ended 30 September 2024 (continued)

	2024	2023
	ZWG	ZWG
22 EARNINGS PER SHARE		
22.4 Basic earnings per share		
Profit attributable to the ordinary equity	123 753 348	199 633 429
Weighted average number of ordinary shares in issue (note 10)	33 949 000	33 789 000
Basic earnings per share attributable to the ordinary equity holders of the Company (ZWG cents)	<u>365</u>	<u>591</u>

Reconciliation of basic earnings per share to headline earnings per share

Profit attributable to shareholders	123 753 348	199 633 429
Adjustment to basic earnings:-		
Profit on sale of fixed assets	(807 863)	(860 594)
Headline earnings	<u>122 945 485</u>	<u>198 772 835</u>
Number of shares	33 949 000	33 789 000
Headline earnings per share(ZWG Cents)	362	588
Weighted number of shares in issue	33 949 000	33 949 000
Diluted earnings per share	365	588

23 PENSION BENEFITS**CAFCA Pension Fund**

The Company provides for pensions on retirement of all employees by means of a defined contribution pension fund. The pension fund scheme is administered by 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.

	2024	2023
	ZWG	ZWG
Contributions recognised as an expense for the year are as follows:		
Social security costs (note 18)	961 436	961 772
Pension costs (note 18)	<u>3 667 733</u>	<u>4 398 070</u>
	<u>4 629 169</u>	<u>5 359 842</u>

24 Related party transactions**Related party listing
Companies****Nature of relationship**

Reunert Electrical Engineering (Pty) Limited
Cape Canary

Common directorship/ Shareholding
Associate shareholding

Metal Fabricators of Zambia

Sister company (sharing same
shareholder)

CAFCA Limited

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Notes to the financial statements

For the year ended 30 September 2024 (continued)

24 Related party transactions (continued)

CBI Electric African Cables-A-Division of ATC (Propriety/ Limited)

Sister company (sharing same
shareholder)

Cbi Electric Telecomms Cables(Pty) Limited
Crystal Ball Group Investment

Sister company (sharing same
shareholder)
Shareholding

Key management personnel

Honour Pinieel Mkushi
Vimbayi Nyakudya
Simbarashe Emmanuel Mangwengwende
Sharron Maparura

Chairman: Non-executive Director

Chief Executive Officer
Non-executive Director
Non-executive Director

Edwin Tavengwa Zinyoro Chidzonga
Luis Corte
Joshua Tapambgwa
Tafadzwa Chigumbu

Non-executive Director
Non-executive Director
Non-executive Director
Non-executive Director

Transactions with related parties

	2024	2023
	ZWG	ZWG
i) Purchases of raw materials		
CBI Electric African Cables - A division of ATC (Proprietary) Limited	3 308 327	2 321 108
Metal Fabricators of Zambia plc ("Zamefa")	72 909 198	-
	<u>76 217 525</u>	<u>2 321 108</u>

ii) Sales of goods

Metal Fabricators of Zambia plc ("Zamefa")	-	<u>24 064</u>
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Key management compensation

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

Salaries and other short - term benefits	23 218 575	29 069 807
Share options credit/charge	(101 748)	1 778 129
Directors' emoluments- Fees	1 530 694	996 756
	<u>24 647 521</u>	<u>31 844 692</u>

There were no loans made to directors or key management of the Company during the year (2023: ZWGnil).

Notes to the financial statements
For the year ended 30 September 2024 (continued)

25 CAPITAL COMMITMENTS

The Company had no significant capital expenditure contracted for by the directors at the reporting date (2023: ZWG nil).

26 CONTINGENCIES

The Company did not have any contingent assets or liabilities at the reporting date (2023: ZWG nil).

27 Change in functional and presentation currency from Zimbabwe Gold (ZWG) to United States Dollars (USD).

The Directors reassessed the functional currency of the Company and determined that the USD continued to be the currency that best reflects the underlying transactions and events and conditions relevant to the company in accordance with the requirements of IAS 21. Following the reassessment the company changed its functional and presentation currency from ZWG to USD with effect from 1 October 2024.

The change was influenced by several factors, including the increased level in USD transactions following the promulgation of Statutory Instrument 218 of 2023 gazetted on 27 October 2023 which extended the multi-currency regime to 2030.

Management also considered the following;

- (a) The currency that mainly influences the sales prices for the goods and services.
- (b) The currency of the country whose competitive forces and regulations mainly determine the sales price of its goods and services.
- (c) The currency that mainly influences labour, material and other costs of providing goods or services.

