TRUWORTHS

ANNUAL REPORT 2019

TRUWORTHS

CONTENTS

COMPANY PROFILE

Truworths Limited was incorporated in Zimbabwe in 1957 and has been operating as a retailer since then. The Company was listed on the Zimbabwe Stock Exchange in 1981, operating from 14 retail outlets comprised of Truworths Stores and Topic Stores. The Company now operates under the following;

Truworths Ladies operates from 9 stand-alone outlets as well as from 1 other branch which is housed within Truworths Man.

Truworths Man operates from 7 stand-alone outlets and 1 other branch which is housed within Truworths Ladies.

Topics which operates from 27 stores.

Number 1 which operates from 20 outlets.

Bravette, the manufacturing unit of the business is based in Harare and manufactures ladies wear sold through Truworths, Topics as well as Number 1. It also produces garments for the export market.

CORPORATE INFORMATION

DIRECTORS

C. P. M. Peech	(Chairman)
B. Ndebele	(Chief Executive Officer)
L. Mabhiza	
M.P Mahlangu	
W. Matsaira	
A. B. Miek	
S. M. Takaendisa	

COMPANY SECRETARY

B. M. Chibanda

REGISTERED OFFICE

Stand 808 Seke Road
Prospect Park
P.O. Box 2898
Harare
Tel: (263 242) 576 431/462/463/466/475/478
E-mail: truworths@truworths.co.zw
Website: www.truworths.co.zw

AUDITORS

Ernst & Young
Chartered Accountants (Zimbabwe)
Angwa City Building
Julius Nyerere Way/Kwame Nkrumah
P O Box 702 or 62
Harare
Tel: (263 242) 750 979 - 81

TRANSFER SECRETARY

Corpserve (Private) Limited
2nd Floor ZB Centre
Cnr Kwame Nkrumah Avenue/ First Street
P. O. Box 2208, Harare
Tel: (263 242) 758 193, 750 711/2, 751 559/61
Fax: (263 242) 752 629
E-mail: corpserve@corpserve.co.zw

CHAIRMAN'S STATEMENT

OPERATING ENVIRONMENT

The year under review witnessed major monetary and fiscal policy pronouncements as highlighted below:

- Separation of foreign currency accounts (FCAs) to RTGS$ and Domestic Nostro FCA at a rate of 1:1 (October 2018 Monetary Policy Statement);
- Introduction of 2% Intermediated Monetary Transaction Tax (IMTT) (Statutory Instrument 205 of 2018);
- Legislation of RTGS$ as local and functional currency (Statutory Instrument 33 of 2019) and introduction of an interbank exchange rate for the trade of the RTGS$ and foreign currencies (Exchange Control directive RU 28/2019); and
- Introduction of a monocurrency system - Zimbabwe dollar for ALL transactions in Zimbabwe (Statutory Instrument 142 of 2019).

The above mentioned measures had a significant effect on both the trading and operating environment of the Company.

TRADING PERFORMANCE

Group merchandise sales for the 52 weeks to 07 July 2019 were ZWL$17,653,040.

There was marginal trade in the Home and Living product range.

Units sold out-turn was as follows:

Truworths	- 31.0%
Topics	- 28.2%
Number 1	- 30.4%

Operating profit of ZWL$4,717,793 was achieved and a profit before tax of ZWL$3,800,684 was achieved.

CASH FLOW AND FUNDING

The business generated a CASH EBITDA of ZWL$6,452,519 after net working capital funding of ZWL$2,504,376, interest payments of ZWL$917,109, and capital expenditure of ZWL$71,882. A positive cash generation of ZWL$2,561,949 was achieved and this was applied to reduce borrowings by ZWL$1,890,042.

During the reporting period the business did not access any foreign supplier credit and had to make upfront payments for all foreign purchases.

Local supplier credit terms were reduced and in most instances with payments being made upfront.

The detailed Trading Performance is covered in the Chief Executive Officer's Report.

DIRECTORATE

David Brian Pfaff, Non-Executive Director and Chairman of the Audit Committee resigned from the Board on 15 February 2019. Anthony Bernard Miek was appointed as Non-Executive Director with effect from 15 February 2019. Anthony is a Divisional Director of Truworths Limited (South Africa). Mrs F.K. Khan was appointed as a Non-Executive Director with effect from 26 September 2019.

DIVIDEND

The Board deemed it prudent not to declare a dividend due to the need to finance increased working capital requirements in an inflationary environment with limited/reduced supplier credit terms.

OUTLOOK

We expect the pressure on discretionary consumer spending and foreign exchange shortages to persist in the short to medium term.

The Board will continue to be focused on building Shareholder value through delivery of sustainable long term growth in Earnings. Our core strategy remains unchanged, focused on our customers, products, profitability and ultimately returns to Shareholders.

ACKNOWLEDGEMENTS

The strength of the Company is built on the hard work and dedication of all Truworths people. I am grateful for the contribution of my fellow Directors and thank them for their commitment and determination to the proper and careful governance of your Company. On behalf of the Board, I thank Management and Staff for their hard work, Customers for their patronage, Suppliers and Bankers for their support.

In conclusion, we all remain indebted to our valued shareholders for the confidence that they continue to show towards our Company.

C P M Peech
Chairman

September 25 2019

CHIEF EXECUTIVE OFFICER'S BUSINESS REPORT

OVERVIEW

The financial year was characterised by shortages of foreign exchange, shrinkage of consumer disposable incomes due to currency devaluation and chronic inflationary conditions.

TRADING PERFORMANCE

Units sold during the year were down on prior year as follows:

Truworths	-31.0 %
Topics	-28.2 %
Number 1	-30.4 %

Average credit limits were up as follows:

Truworths	+1.3 %
Topics	+1.2 %

Average spend was up +57 % in Truworths and +38,3 % in Topics which was all due to price increases.

Cash sales contributed 34.5 % to sales this financial year compared to 30.0 % last year.

TRADING EXPENSES

Analysis of key trading expenses

	1st half increase	**2nd half increase**
Employment costs	+13.0 %	+55.2 %
Occupancy costs	+1.6 %	+13.1 %
Other operating costs	+23.3 %	+78.6 %

Although the annual increase in expenses is way below official annual inflation of 175 % as at June 2019, significant inflationary pressures manifested in the 2nd half of the year, and expenses are expected to be under significant upward pressure in the short-term as hyper-inflationary conditions persist.

MERCHANDISE

Product volumes and availability were constrained due to a shortage of foreign exchange and local liquidity which adversely affected the local supplier base.

Fabric stocks (raw materials) were up 1 % in volume terms.

Finished product clearance rates for winter were very good hence no markdowns - gross profit margins improved as a result.

Our strategy in the hyper-inflation environment is to be heavily weighted in favour of raw materials compared to finished product in order to manage the risk of fashion in terms of poor clearance rates in a weak consumer market.

TRADE RECEIVABLES

Good collections were achieved on the back of tight credit limits.

Going forward the risk of retrenchments and abscondence are high due to the deteriorating economic conditions.

Credit risk management, that is origination and collection will be a key focus in the next financial period. The Trade Receivables book is now 90 % on six months payment plan and 10 % on 12 months payment plan compared to 85 % and 15 % respectively in the prior year. From September 2019 a monthly debtors interest charge was introduced on the 6 months book, and the charge on the 12 months book was increased in line with increased lending rates in the economy.

OUTLOOK

Overall Economic conditions are expected to deteriorate in the short-term and management will focus on the following key areas:

1. Product availability and affordability.
2. Increased use of our in-house manufacturing facility.
3. Improving the cash sales ratio and cash conversion cycle.
4. Improving cash collections on Trade Receivables.
5. Productively managing costs.

ACKNOWLEDGEMENTS

My sincere gratitude to our Customers, Suppliers, Bankers and Shareholders for their continuing loyalty and support.

I acknowledge the contribution and sacrifice made by our Staff under extremely difficult social conditions and uncertain times. To all our staff, let us maintain the BELIEF that the economic conditions will get better and that with hard work and dedication we will emerge better.

THEMBA NDEBELE
CHIEF EXECUTIVE OFFICER

September 25 2019

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the Group and Company annual financial statements for the 52 week period ended July 07 2019.

NATURE OF BUSINESS
The Group is involved in the manufacture and retailing of fashion apparel and related merchandise. The Group operates principally in Zimbabwe.

RESULTS OF OPERATIONS
The results for the period are detailed in the Group and Company financial statements which follow.

GOING CONCERN
The directors have reviewed the Group's budget and cash flow forecast for the year to July 12 2020. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

DIVIDEND
Given the difficulties in the trading environment, the Board deemed it prudent not to declare a dividend for the financial year ended July 07 2019.

PROPERTY, PLANT AND EQUIPMENT
There were no major changes in the nature of the Group's property, plant and equipment during the period.

The capital expenditure for the year to July 07 2019 was ZWL$71,882. The approved capital expenditure for the year to July 12 2020 is ZWL$300,000.

SHARE CAPITAL
The authorised share capital of the Company remains at ZWL$100,000 comprising 1,000,000,000 ordinary shares at ZWL$0.0001 each. The issued share capital has not changed during the year.

Details of the authorised and issued share capital of the company are disclosed in Note 17 of the Company's annual financial statements.

RESERVES
The movement in the reserves of the Group and the Company are shown in the Statements of Comprehensive Income, Group and Company Statements of Changes in Equity and in the Notes to the Financial Statements.

DIRECTORS AND SECRETARY
The names of the directors and Company Secretary in office at the date of this report are set out on page 4.

Mr Antony Bernard Miek and Mrs Fatima Khalil Khan were appointed to the Board as Non-executive Directors. Being eligible, they offer themselves for election upon retiring at the forthcoming annual general meeting in terms of the Articles of Association of the Company.

Mr C.P.M. Peech, Chairman of the Board retires from the Board at the forthcoming Annual General Meeting in November 2019 after having served the Company for 19 years. Mr Mordecai Pilate Mahlangu who has served the Company as Non-Executive Director and Deputy Chairman will succeed Mr C.P.M. Peech as Chairman of the Board.

DIRECTORS INTERESTS
At July 07 2019, the Directors held, directly and indirectly, 55,828,714 (2018: 55,828,714) shares being 14.53% (2018: 14.53%) of the issued share capital of the Company. This holding is detailed in Note 17.4 of the financial statements. There has been no change in the directors' interests subsequent to July 07 2019 to the date of this report.

DIRECTORS FEES
A resolution will be proposed at the Annual General Meeting to approve Directors' fees amounting to ZWL$30,245.

AUDITORS
Members will be asked to approve the remuneration of the Auditors for the past year and re-elect Ernst & Young as Auditors for the ensuing year.

EVENTS AFTER THE END OF THE REPORTING PERIOD
No event which is material to the understanding of this report has occurred between the end of the reporting period and the date of this report.

ANNUAL GENERAL MEETING
The Sixty Second Annual General Meeting will be held at 0900 hours on Thursday November 28 2019 at the Registered Office of the Company.

REGISTERED OFFICE
The registered physical address of Truworths Limited and its subsidiaries is Stand 808 Seke Road, Prospect Park, Harare.

By Order of the Board

Chibanda

B M CHIBANDA
SECRETARY

September 25 2019

ANALYSIS OF SHAREHOLDERS
AS AT JULY 07 2019

SHAREHOLDING DISTRIBUTION	Total number of shares	% of issued shares	No of shareholders	% of total shareholders
1-5 000	1 081 199	0.28	757	56.57
5001- 10 000	1 376 652	0.36	191	14.28
10 001- 25 000	2 557 278	0.67	163	12.18
25 001 - 50 000	3 870 903	1.01	113	8.45
50 001- 100 000	2 937 641	0.76	45	3.36
100 001 -200 000	4 113 932	1.07	31	2.32
200 001 - 500 000	5 511 905	1.44	17	1.27
500 001 - 1 000 000	3 812 880	0.99	05	0.37
1 000 001 and above	358 805 122	93.42	16	1.20
	384 067 512	**100.00**	**1,338**	**100.00**
SHAREHOLDING BY TYPE				
New Non Residents	132 860 032	34.59	30	2.24
Local Companies	98 681 391	25.69	111	8.30
Insurance Companies	63 560 837	16.55	09	0.67
Foreign Nominee	62 233 726	16.20	08	0.60
Local Individual Residents	11 898 780	3.10	1,054	78.77
Pension Funds	5 014 948	1.32	14	1.05
Local Nominee	3 091 644	0.80	46	3.44
Foreign Companies	3 243 532	0.84	01	0.07
Employees	1 068 229	0.28	01	0.07
Charitable	790 182	0.21	13	0.97
Trusts	546 019	0.14	02	0.15
Fund Managers	380 972	0.10	10	0.75
Deceased Estates	299 114	0.08	16	1.20
Other Investments & Trust	232 127	0.06	19	1.42
Foreign Individual Residents	165 979	0.04	04	0.30
	384 067 512	**100.00**	**1,338**	**100.00**

	MAJOR SHAREHOLDERS	Shares held	% of issued shares
1	Truworths International Limited	132 091 763	34.39
2	Old Mutual Life Assurance Company Zimbabwe Limited	63 486 056	16.53
3	Leraine Investments (Pvt) Ltd	55 814 914	14.53
4	Stanbic Nominees (Pvt) Ltd	42 337 930	11.02
5	Old Mutual Zimbabwe Limited	28 045 508	7.30
6	Standard Chartered Nominees 033667800001	17 745 832	4.62
7	Invesci Asset Management (Pvt) Ltd	4 731 511	1.23
8	National Social Security Authority (NSSA NPS)	4 632 532	1.21
9	Truworths Limited	2 697 681	0.70
10	LHG Malta Holdings Limited	2 177 650	0.57
	Shares Selected	**353 761 377**	**92.10**
	Remaining Shares	**30 306 135**	**7.90**
	Total Shares Issued	**384 067 512**	**100.00**

SHAREHOLDERS' CALENDAR

Sixty Second Annual General Meeting	November 28 2019
Interim Report to December 2019	March 2020
Financial Year-end	July 12 2020
Annual Report	October 2020

STATEMENT OF CORPORATE GOVERNANCE & DIRECTORS' RESPONSIBILITY

CORPORATE GOVERNANCE

The Group is committed to high levels of corporate governance which is essential for the sustainable development of the Group and for long term shareholder value creation. Truworths Limited follows the principles and general guidelines set out by the National Code on Corporate Governance of Zimbabwe. The Group also complies with the Zimbabwe Stock Exchange requirements and other regulatory authorities.

The responsibility to safeguard and respect the interests of all stakeholders is recognised by Management. In place throughout the Group are responsive systems of governance and practice which the Board and Management regard as entirely appropriate. The Group structures, operations, policies and procedures are continuously assessed and updated for compliance with the law and generally accepted standards of good corporate governance. The Group's objective is to be profitable in a manner which conforms to strict requirements for transparency, acknowledges its accountability to broader society and complies with all legislations, relevant International Accounting Standards and sound management practices.

THE BOARD

The Group is headed by a Board which leads and controls the Group. The Board is made up of 3 Executive and 4 Non-Executive Directors, 2 of whom are independent, who were chosen for their wide range of professional and commercial competencies. These directors are subject to retirement by rotation and re-election by Shareholders at least once every two years in accordance with the Company's Articles of Association. Appointments of new directors, approved by the Board are subject to ratification by Shareholders at the next Annual General Meeting. The Chairman of the Board is an Independent Non-Executive Director.

The Board meets at least quarterly with the responsibility for strategic and policy decisions, the approval of Budgets and the monitoring of the performance of the Group. Executive Management presents structured reports, to allow the Board to evaluate performance.

The Board has constituted the Audit and Remuneration Committees to assist it in the discharge of its responsibilities.

AUDIT AND RISK COMMITTEE

An Audit Committee, consisting of Non-Executive Directors and the Chief Executive Officer, meets twice a year with the Group's External Auditors, Internal Auditors and Executive Management.

Its major functions are the thorough and detailed review of financial statements, internal controls and related audit matters through independent judgement and risk management matters and contributions of Non-Executive Board Members. In addition, the Committee has the responsibility of ensuring credibility, transparency and objectivity of external financial reporting. The Internal Auditors and External Auditors have unrestricted access to the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Non-Executive Directors. The Committee has the responsibility of ensuring that Directors and Executives are fairly remunerated.

BOARD COMMITTEE MEETINGS ATTENDANCE

Name of Director	Main Board Meeting	Audit and Risk Committee Meeting	Remuneration Committee Meeting
C.P.M. Peech	3/4	-	-
B. Ndebele	4/4	2/2	-
L. Mabhiza	4/4	-	-
M.P. Mahlangu	4/4	-	3/3
W. Matsaira	3/4	2/2	-
A.B. Miek*	2/2	1/1	2/2
D.B. Pfaff**	1/2	1/1	1/1
S.M. Takaendisa	4/4	2/2	-

*A.B. Miek was appointed as Non-Executive Director on 15 February 2019.
**D.B. Pfaff resigned from the Board of Directors on 15 February 2019.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are required by the Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period in line with International Financial Reporting Standards (IFRS).

While full compliance with IFRS was achieved in previous reporting periods, only partial compliance has been achieved for the year ended July 07 2019 as a result of inconsistencies between International Accounting Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates. In preparing the accompanying

STATEMENT OF CORPORATE GOVERNANCE & DIRECTORS' RESPONSIBILITY (continued)

Financial Statements, International Financial Reporting Standards have been followed with the exception highlighted above; suitable accounting policies have been used, and reasonable and prudent judgements and estimates have been made. The Financial Statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group and best practice.

The Board recognises and acknowledges its responsibility for the system of internal financial control. The Group's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins the Company's internal financial control process. The control system includes written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved Budgets.

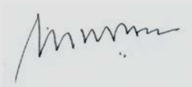
The responsibility for operating the system is delegated to the Executive Directors who confirm that they have reviewed its effectiveness. They consider that it is appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The effectiveness of the internal financial control system is monitored through management reviews and a comprehensive programme of internal audits. In addition, the Group's External Auditors obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

The financial statements have been prepared on a going concern basis since the Directors' have every reason to believe that the Company and the Group have adequate resources to continue in operation for the foreseeable future.

The Group's external auditors, Ernst & Young, have audited the financial statements and their report appears on Page 11.

The Company's Audit Committee has met with the external auditors to discuss their report on the results of their work which include assessments of the relative strengths and weaknesses of key control areas. While in a group of the size of Truworths, it is expected that occasional breakdowns in established control procedures may occur, no breakdowns involving material loss has been reported to the directors in respect of the year under review.

The financial statements for the year ended July 07 2019, which appear on Pages 16 to 58 have been approved by the Board and are signed on its behalf by;



C P M PEECH
CHAIRMAN

B NDEBELE
CHIEF EXECUTIVE OFFICER

September 25 2019

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Chartered Accountants (Zimbabwe)
Registered Public Auditors
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRUWORTHS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the consolidated and company financial statements of Truworths Limited (the Group), as set out on pages 16 to 58, which comprise the Group and Company statements of financial position as at 7 July 2019, and the Group and Company statements of comprehensive income, Group and Company statements of changes in equity and Group and Company statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying Group and Company financial statements do not present fairly the financial positions of the Group and Company as at 7 July 2019, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Conclusion

Date of change in functional currency - Non-compliance with IAS 21

As explained in note 2 to the consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 8 July 2018 to 22 February 2019 and the Real Time Gross Settlement Dollars (RTGS$) and Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 7 July 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

INDEPENDENT AUDITOR'S REPORT (continued)

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

Based on International Financial Reporting Standards IAS 21-The Effects of Changes in Foreign Exchange Rates ("IAS 21") the functional currency of an entity is the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it. In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018. This impacts the basis for measuring transactions that occurred between 01 October 2018 and 22 February 2019, the valuation of assets and liabilities as well as the accounting for foreign exchange differences.

Accordingly, the consolidated financial statements of the Group include balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.2 to the consolidated financial statements.

Exchange rates (Non-compliance with IAS 21)
For the period 1 October 2019 to 22 February 2019 the financial statements of the Group included balances and transactions denominated in ZWL that were not converted to USD$ at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because Management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2019, 20th of February 2019 and 1st of October 2018. We believe that transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL: US$ exchange rate.

On the 23rd of February 2019, being the date of change in functional currency for the Group, management translated some balances using an exchange rate of 1ZWL:1US$ and others using the interbank rate of 2.5ZWL:1US$. Subsequently the Group applied relevant interbank rates up to 7 July 2019.The exchange rates used did not meet the criteria for appropriate exchange rates in terms of IFRS as defined below:

According to IAS 21, at the end of each reporting period; (a) foreign currency monetary items shall be translated using the closing rate; (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. According to paragraph 8 of IAS 21, the closing rate is defined as a) spot exchange rate at the end of the reporting period, and b) Spot exchange rate is the exchange rate for immediate delivery.

INDEPENDENT AUDITOR'S REPORT (continued)

In light of the definitions above, the IFRS interpretations Committee concluded in their September 2018 paper that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US$ and the RTGS$/ZWL used by the Group (1:1 for the period 1 October 2018 to 22 February 2019, 1:2,5 for the translation to functional currency on 22 February 2019 of property, plant and equipment and 1:7 closing rate based on the official interbank rates at 30 June 2019) did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above. Had the correct rate been used, most balances would have been materially different.

Treatment of gains or losses arising from translation on 23 February 2019

The Group's net translation gain on conversion of property, plant and equipment to ZWL on date of change in functional currency from the USD amounting to ZWL $6 971 455 was recognized directly in equity as a non-distributable reserve which represents a departure from the requirements of IFRS. IFRS requires that all line items at the date of change in functional currency should be translated at the same rate to the new currency and therefore there would be no translation adjustments

The effects of the above departures from IFRS are material and pervasive to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility, but does not include the consolidated and Company financial statements and our auditor's report thereon. Our opinion on the consolidated and Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not

INDEPENDENT AUDITOR'S REPORT (continued)

comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Walter Mupanguri (PAAB Registration Certificate Number 220).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Audit

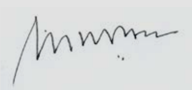
Harare
7 October 2019

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JULY 07 2019

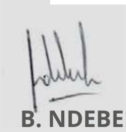
	Note	GROUP		COMPANY	
		for the period ended July 07 2019 ZWL$	for the period ended July 08 2018 ZWL$	for the period ended July 07 2019 ZWL$	for the period ended July 08 2018 ZWL$
Revenue	4	**21 233 343**	**16 891 475**	**11 405 738**	**8 928 120**
Revenue from Contracts with Customers		**17 653 040**	**13 458 048**	**6 897 642**	**5 159 481**
Cost of sales		(6 261 766)	(6 607 776)	(2 280 806)	(2 542 744)
Gross profit		**11 391 274**	**6 850 272**	**4 616 836**	**2 616 737**
Management fees	4	-	-	2 992 467	2 338 144
Other operating income	4.1	892 980	646 303	785 093	573 486
Trading expenses	5	**(10 564 865)**	**(8 080 545)**	**(6 343 147)**	**(4 570 203)**
Depreciation and amortisation	5.1	(444 166)	(366 365)	(239 921)	(180 912)
Employment costs	5.2	(4 431 759)	(3 302 898)	(3 116 473)	(2 212 245)
Occupancy costs	5.3	(2 310 724)	(2 151 037)	(867 980)	(774 504)
Trade receivable costs	5.4	(409 644)	(291 260)	(172 303)	(75 146)
Other operating costs	5.5	(2 968 572)	(1 968 985)	(1 946 470)	(1 327 396)
Retail trading profit / (loss)		**1 719 389**	**(583 970)**	**2 051 249**	**958 164**
Manufacturing profit / (loss)	6	209 474	(10 376)	-	-
Trading profit / (loss)		**1 928 863**	**(594 346)**	**2 051 249**	**958 164**
Finance income	7	2 788 930	2 620 465	953 408	861 644
Operating profit		**4 717 793**	**2 026 119**	**3 004 657**	**1 819 808**
Finance cost	7	(917 109)	(911 228)	(890 276)	(899 886)
Profit before tax		**3 800 684**	**1 114 891**	**2 114 381**	**919 922**
Tax	8	(1 002 223)	(307 975)	(559 762)	(246 789)
Profit for the period	9	**2 798 461**	**806 916**	**1 554 618**	**673 133**
Other comprehensive income					
Change in functional currency		4 908 830	-	1 705 687	-
Total comprehensive income for the period		**7 707 291**	**806 916**	**3 260 305**	**673 133**
Basic and diluted earnings per share (cents)	10	0.73	0.21	0.41	0.18
Headline earnings per share (cents)	10	0.73	0.21	0.41	0.18
Key ratios					
Gross margin (%)		64.5	50.9	66.9	50.7
Trading expenses to retail merchandise sales (%)		59.8	60.0	92.0	88.6
Trading margin (%)		10.9	(4.4)	29.7	18.6
Operating margin (%)		26.7	15.1	43.6	35.3

STATEMENTS OF FINANCIAL POSITION
AS AT JULY 07 2019

		GROUP		COMPANY	
	Note	at July 07 2019 ZWL$	at July 08 2018 ZWL$	at July 07 2019 ZWL$	at July 08 2018 ZWL$
ASSETS					
Non current assets		**7 738 151**	**1 425 348**	**2 644 763**	**581 560**
Investment in subsidiaries	**11**	-	-	8 018	8 018
Property, plant and equipment	**12**	7 458 164	1 094 388	2 366 921	416 502
Intangible assets	**13**	279 987	161 940	269 824	157 040
Deferred tax	**20**	-	169 020	-	-
Current assets		**17 816 826**	**14 866 103**	**14 036 171**	**13 360 793**
Inventories	**14**	5 415 861	4 705 332	1 768 373	1 706 916
Trade and other receivables	**15**	11 272 877	9 704 608	11 583 927	11 425 445
Cash and cash equivalents	**16**	1 128 088	456 163	683 871	228 432
Total assets		**25 554 977**	**16 291 451**	**16 680 934**	**13 942 353**
EQUITY AND LIABILITIES					
Equity		**11 251 655**	**3 881 442**	**7 257 407**	**4 202 857**
Share capital	**17.2**	38 407	38 407	38 407	38 407
Treasury shares	**17.5**	(317)	(317)	(317)	(317)
Non-distributable reserves	**18**	6 765 441	1 856 611	2 490 162	784 475
Retained earnings		4 448 124	1 986 741	4 729 155	3 380 292
Non current liabilities		**2 423 922**	**439 707**	**994 072**	**348 610**
Long-term borrowings	**19**	-	-	-	-
Deferred tax	**20**	2 423 922	439 707	994 072	348 610
Current liabilities		**11 879 400**	**11 970 302**	**8 429 455**	**9 390 886**
Short-term borrowings	**21**	5 643 244	7 533 268	5 643 244	7 533 268
Trade and other payables	**22**	5 372 550	4 081 137	2 024 867	1 573 925
Provisions	**23**	669 810	199 377	567 480	127 105
Current tax	**24.3**	193 796	156 520	193 864	156 588
Total liabilities		**14 303 322**	**12 410 009**	**9 423 527**	**9 739 496**
Total equity and liabilities		**25 554 977**	**16 291 451**	**16 680 934**	**13 942 353**
Number of shares in issue (net of treasury shares)		**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**
Net asset value per share (cents)		**2.95**	**1.02**	**1.91**	**1.10**



C.P.M. PEECH
CHAIRMAN



B. NDEBELE
CHIEF EXECUTIVE OFFICER

Harare | September 25 2019

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JULY 07 2019

	Note	Share capital ZWL$	Treasury shares ZWL$	Non-distributable reserve ZWL$	Retained earnings ZWL$	Total ZWL$
GROUP						
Balance at July 09 2017		**38 407**	**(317)**	**1 856 611**	**1 179 825**	**3 074 526**
Total comprehensive income for the period	**9**	-	-	-	806 916	806 916
Balance at July 08 2018		**38 407**	**(317)**	**1 856 611**	**1 986 741**	**3 881 442**
IFRS 9 credit loss allowance adjustment		-	-	-	(604 553)	(604 553)
Balance at July 09 2018		**38 407**	**(317)**	**1 856 611**	**1 382 188**	**3 276 889**
Profit for the period	**9**	-	-	-	2 798 461	2 798 461
Change in functional currency reserve		-	-	4 908 830	267 475	5 176 305
Balance at July 07 2019		**38 407**	**(317)**	**6 765 441**	**4 448 124**	**11 251 655**
COMPANY						
Balance at July 09 2017		**38 407**	**(317)**	**784 475**	**2 707 159**	**3 529 724**
Total comprehensive income for the period	**9**	-	-	-	673 133	673 133
Balance at July 08 2018		**38 407**	**(317)**	**784 475**	**3 380 292**	**4 202 857**
IFRS 9 credit loss allowance adjustment		-	-	-	(180 875)	(180 875)
Balance at July 09 2018		**38 407**	**(317)**	**784 475**	**3 199 417**	**4 021 982**
Profit for the period	**9**	-	-	-	1 554 618	1 554 618
Change in functional currency reserve		-	-	1 705 687	(24 880)	1 680 807
Balance at July 07 2019		**38 407**	**(317)**	**2 490 162**	**4 729 155**	**7 257 407**

STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED JULY 07 2019

	Note	GROUP for the period ended July 07 2019 ZWL$	GROUP for the period ended July 08 2018 ZWL$	COMPANY for the period ended July 07 2019 ZWL$	COMPANY for the period ended July 08 2018 ZWL$
CASH FLOWS GENERATED FROM / (UTILISED IN) OPERATING ACTIVITIES					
Cash generated from trading	**24.1**	**3 663 607**	**289 285**	**2 964 509**	**1 321 779**
Working capital movements	**24.2**	(2 504 376)	(326 005)	(245 547)	213 901
Cash generated from / (utilised in) operations		**1 159 231**	**(36 720)**	**2 718 962**	**1 535 680**
Net interest received / (paid)		1 871 821	1 709 237	63 132	(38 242)
Interest paid		(917 109)	(911 228)	(890 276)	(899 886)
Interest received		2 788 930	2 620 465	953 408	861 644
Tax paid	**24.3**	**(397 203)**	**(3)**	**(397 202)**	**(2)**
Net cash generated from operating activities		**2 633 849**	**1 672 514**	**2 384 892**	**1 497 436**
CASH FLOWS UTILISED IN INVESTING ACTIVITIES					
Net cash utilised in investing activities		**(71 882)**	**(70 553)**	**(39 412)**	**(30 253)**
Acquisition of property, plant and equipment	**12**	(71 882)	(84 471)	(39 412)	(44 171)
Proceeds on disposal of property, plant and equipment		-	13 918	-	13 918
CASH FLOWS UTILISED IN FINANCING ACTIVITIES					
Net cash flows utilised in financing activities		**(1 890 042)**	**(1 583 332)**	**(1 890 042)**	**(1 583 332)**
Receipts from short-term borrowings		-	2 000 000	-	2 000 000
Repayment of short-term borrowings		(1 890 042)	(3 583 332)	(1 890 042)	(3 583 332)
Net increase / (decrease) in cash and cash equivalents		**671 925**	**18 629**	**455 439**	**(116 149)**
Cash and cash equivalents July 08 2018		**456 163**	**437 534**	**228 432**	**344 581**
Cash and cash equivalents July 07 2019	**24.4**	**1 128 088**	**456 163**	**683 871**	**228 432**

NOTES TO THE FINANCIAL STATEMENTS

1. COUNTRY OF INCORPORATION AND MAIN ACTIVITY

The Group is incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. It is engaged in retailing of fashion apparel and related merchandise throughout Zimbabwe. The financial statements of the Group for the period ended July 07 2019 were authorised for issue in accordance with a resolution of the directors taken on September 25 2019.

2. BASIS OF PREPARATION OF FINANCIAL RESULTS

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars.
  RTGS dollars became part of the multi-currency system.
- Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, recording of debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1 to1 to the US dollar and would become opening RTGS dollar values from the effective date.

As a result of these currency changes announced by the monetary authorities, the Directors assessed as required by IAS 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to RTGS dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 23 February 2019.

These financial statements are therefore presented in RTGS dollar being the currency of the primary economic environment in which the Group operates.

All transactions in currencies other than the RTGS dollar post the date of change in functional currency were translated in accordance with IAS 21 at the applicable official interbank rate. The Group translated the statement of financial position at 23 February 2019 at a rate of 1 US dollar to 1 RTGS dollar with the exception of property, plant and equipment, foreign currency denominated cash and cash equivalents, payables and receivables in accordance with S.I.33. The translation bases prescribed by SI.33 and adopted by the Group were not consistent with IAS 21.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) except for IAS 21 Effects of Changes in Foreign Exchange Rates. The Group financial statements are prepared in accordance with the going concern and historical cost bases except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The presentation and functional currency of the Group financial statements is the Zimbabwe Dollar (ZWL$). The accounting policies adopted are consistent with those applied in the prior period and all values are rounded to the nearest dollar except where otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at July 07 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it current ability to direct the relevant activities of the investee)

NOTES TO THE FINANCIAL STATEMENTS
(continued)

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non- controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The investments in subsidiaries are accounted for at cost in the Company's separate financial statements.

3.2 Use of estimates and judgments in the preparation of annual financial statements

In the preparation of the Group financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgments are inherent in the formation of estimates. Actual results in the future could differ from these estimates and these differences may be material to the Group financial statements within the next reporting period.

The company operates in an economy which is experiencing a shortage of foreign currency and consequently has exchange control regulations that impact the timing of payment of foreign payables among other matters. Given the context of the environment, management has assessed if there has been a change in the functional currency used by the company. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It is observed that whether cash, bond notes, electronic money transfers or point of sale transactions, the unit of measure across all these payment modes is the Zimbabwe dollar (ZWL$).

The key assumptions concerning estimation uncertainties at the end of the reporting period are discussed below:

Asset impairment

The Group determines whether assets are impaired at each reporting date. Key assumptions applied to discounted cash flow calculations include the sales growth rate, operating margin, return on investment, working capital requirements and capital expenditure. The growth rate used to extrapolate cash flows beyond

NOTES TO THE FINANCIAL STATEMENTS
(continued)

the most recent budget period is also estimated. In determining the discount rate applied to calculate the present value of future earnings the Group estimates the risk-free rate, market risk return and beta value. Refer to note 12 for the carrying amounts of property, plant and equipment.

Allowances for obsolete inventory
The allowances for markdown, obsolescence and shrinkage take into account historic information related to sales trends and represent the expected markdown between the estimated net realisable value and the original cost. The net realisable value assigned to this inventory is the net selling price in the ordinary course of business less necessary costs to make the sale. Refer to note 14 for the carrying amount of inventory and the provision for obsolete inventory.

Allowance for credit losses
The Group assesses its allowance for credit losses at each reporting date. Key assumptions applied in this calculation are the estimated debt recovery rates within the Company's receivables' book as well as an estimation or view on current and future market conditions that could affect the debt recovery rates. Refer to note 15 for the carrying amount of trade and other receivables and note 15.2 for more information on the allowances for credit losses.

Deferred tax assets
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to note 20 for analysis of Deferred Tax Assets and Deferred Tax Liabilities.

Right of return
Our current returns policy is seven days after date of purchase. All credit notes done in the seven days subsequent to year end were assessed if they related to the period and none were recorded.

3.3 Foreign currency translation
The Group's functional currency is the currency of the primary economic environment in which it operates normally that is the currency of the environment in which an entity primarily generates and expends cash.

The Group has been operating in an economic environment that operated a multi-currency framework since February 2009. Various Government policies introduced during the course of the financial year under review resulted in the change in functional currency.

February 22, 2019 saw the floating of the exchange rate from the previous 1:1 fixed rate through Statutory Instrument 33 of 2019, whilst Statutory Instrument 142 of 24 June 2019 saw the abolishment of this multi-currency system in favour of the Zimbabwe dollar represented by Bond notes and RTGS funds.

The Group's results are denominated in Zimbabwean Dollars (ZWL$) as a consequence of the implementation of the above mentioned Statutory Instruments. Comparative figures which were previously denominated in United States Dollars have been reckoned at par with the ZWL$ in terms of the legal position existent then.

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Subsequent to initial measurement monetary assets and liabilities are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items carried at cost are translated using the exchange rate at the date of the initial transaction.

Exchange differences arising on the settlement of monetary items or on translation of monetary items at rates different from those at which they were translated at initial recognition are recognised in profit or loss.

3.4 Property, plant and equipment
Initial recognition and measurement
Each item of property, plant and equipment is initially recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be reliably measured. Each item that qualifies for recognition is measured at cost, being the cash equivalent of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary

NOTES TO THE FINANCIAL STATEMENTS
(continued)

for it to be capable of operating in the manner intended by management. Such cost excludes costs of day to day servicing.

Subsequent measurement
Leasehold improvements are carried at cost less accumulated depreciation and impairment losses. Motor vehicles, plant, equipment, furniture and fittings and computer equipment are carried at cost less accumulated depreciation and impairment. When these assets comprise major components, they are accounted for as separate items. Expenditure incurred to replace or modify a significant component of these assets is capitalised if it is probable that future economic benefits associated with the item will flow to the entity and the cost of them can be reliably measured. Any remaining carrying amount of the component replaced is written off in profit or loss. All other expenditure is recognised in profit or loss.

Depreciation
Buildings, plant, equipment, furniture and fittings and computer equipment are depreciated to their estimated residual values on a straight-line basis over their expected useful lives. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking into account technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate and adjusted prospectively. The depreciation expense is recognised in profit or loss in the depreciation and amortisation expense category.

Depreciation commences when an asset is available for its intended use and ceases if the residual value exceeds the carrying amount.

Depreciation ceases at the earlier of the date the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The following estimated depreciation rates apply:

Leasehold improvements	10%
Plant and machinery	10-20%
Furniture and fittings and equipment	10-20%
Motor vehicles	20%
Computer equipment	20%

De-recognition
An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses which arise on de-recognition are included in profit or loss in the period of de-recognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of sale.

Impairment
Impairment of property, plant and equipment is assessed in terms of the accounting policy set out in note 3.7.

3.5 Intangible assets
Intangible assets comprise computer software with a finite useful life.

Initial recognition and measurement
Intangible assets are initially measured and recognised at cost. Purchased software and the direct costs associated with the customisation and installation thereof is capitalised. Expenditure on software developed internally is capitalised if it meets the criteria for capitalising development expenditure.

Subsequent measurement
Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software is recognised in profit or loss. Expenditure incurred to replace or modify software is capitalised if it is probable that future economic benefits associated therewith will flow to the entity and the cost thereof can be reliably measured.

Amortisation
Computer software is amortised to its estimated residual value on a straight-line basis over its expected useful life of ten years. Amortisation commences when the computer software is available for its intended use and ceases if the residual value exceeds the carrying amount. Amortisation ceases at the earlier of the date

NOTES TO THE FINANCIAL STATEMENTS
(continued)

the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is de-recognised. The amortisation period, amortisation method and residual values are reviewed at each reporting date. A change resulting from a review is treated as a change in accounting estimate and adjusted prospectively. The amortisation expense is recognised in profit or loss in the depreciation and amortisation expense category. The amortisation period is 10 years.

De-recognition
Computer software is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses which arise on de-recognition are included in profit or loss in the period of de-recognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of sale.

Impairment
Impairment of computer software is assessed in terms of the accounting policy set out in note 3.7.

3.6 Inventories
Inventories are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less necessary costs to make the sale.

Raw materials are valued at purchase cost on a first-in-first-out (FIFO) basis.

Work-in-progress is valued at cost of direct materials and labour and a proportion of manufacturing overheads based on operating capacity but excluding borrowing costs.

Finished goods are valued at the lower of cost and net realisable value. The cost is calculated using the first-in-first-out (FIFO) method.

Adjustments are made for any allowances for markdown, obsolescence and shrinkage, where appropriate.

Write-downs to net realisable value and inventory losses are recognised in profit or loss in the reporting period in which the write-downs occur.

Inventories are physically verified at least twice a year, including at the end of the reporting period through the performance of inventory counts, and variances identified are charged to profit or loss.

3.7 Impairment of non-financial assets
The Group's non-financial assets (property, plant, equipment, computer equipment and computer software) are reviewed at each reporting date to determine whether there is any indication of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use.

If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in profit or loss as an expense. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, for the larger cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks peculiar to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

After recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

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At each reporting date the Group assesses whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment loss.

A previously recognised impairment is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in profit or loss.

3.8 Financial Instruments

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

Policy applicable after 1 January 2018

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. As permitted by IFRS 9, the Group elected not to restate its comparative financial statements.

Consequently, comparative information is reported on an IAS 39 basis and is not fully comparable to the prior period and/or prior year information. The impact of adopting IFRS 9 has been applied retrospectively with an adjustment to the Group's opening reserves at 9 July 2018.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:
- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 9 July 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 March 2018 and has not applied the requirements to instruments that have already been derecognised as at 9 July 2018.

The Directors reviewed and assessed the Group's existing financial assets at 1 March 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:
- trade and other receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

The adoption of IFRS 9 had no significant effect on the Group's accounting policies related to financial liabilities.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:
- lease receivables;
- trade receivables and contract assets; and
- financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Set out below is an analysis of the carrying amounts of financial assets in accordance with IAS 39 to the opening carrying amounts determined in accordance with IFRS 9:

	IAS 39 at 08 July 2018 ZWL$	**IFRS 9 transitional adjustment ECL ZWL$**	**IFRS 9 at 09 July 2018 ZWL$**
ASSETS			
Trade and other receivables		(814 212)	(814 212)
Equity and liabilities			
Equity		(604 553)	(604 553)
Liabilities		(209 659)	(209 659)
		(814 212)	**(814 212)**

The movement in other assets relates to the deferred tax implications on adoption of IFRS 9. The additional credit loss allowance of ZWL$814,212 was recognised against retained earnings on the adoption date, net of the deferred tax impact of ZWL$209,659. ZWL$604,553 was reclassified from the IAS 39 regulatory reserve to retained earnings.

(c) Classification and measurement of financial liabilities
A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The Group does not carry any financial liabilities at FVTPL hence the measurement change brought about by IFRS 9 had no significant impact on the Group.

Policy applicable before 1 January 2018

Recognition
Financial assets and liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments. Purchases and sales of financial instruments are recognised on trade date, being the date on which the Group commits to purchase or sell the instrument.

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3.8.1 Financial assets

Financial assets are classified at initial recognition as loans and receivables. Financial assets are initially recognised at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs and subsequently as set out below.

3.8.1.1 Loans and receivables

"This category is most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category is generally applies to Trade and other receivables. Trade and other receivables are non derivative financial assets with fixed or determinable payments Trade receivables are initially recognised at fair value. They are subsequently carried at amortised cost using the effective interest rate method (EIR), taking into account impairment via the determination of an allowance for any uncollectable amounts. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR effective amortisation is included in finance income in the profit or loss."

The allowance for uncollectable amounts is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. Bad debts are written off to profit or loss when identified. For more information on receivables refer to notes 15 and 30.1.

3.8.1.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially measured at fair value, and subsequently at amortised cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits.

3.8.1.3 Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Group has transferred substantially all the risks and rewards of the asset, or
  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.8.1.4 Impairment of financial assets

For financial assets carried at amortised cost the Group first assesses whether impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairments exists for an individually assessed financial asset, whether significant or not it includes the asset in a group of similar assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets are assessed for impairment at each reporting date and impaired where there is objective evidence that the carrying amount of the asset will not be recovered.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of

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the asset (an incurred loss event) and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets carried at amortised cost
Further disclosures relating to impairment of financial assets are also provided in the following notes: Trade Receivables Notes 15 and 30.1. For financial assets carried at amortised cost, the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit or loss. Subsequent recoveries of amounts previously written off are recognised in other income.

3.8.2 Financial liabilities
Financial liabilities include trade and other accounts payable, bank overdrafts and interest bearing loans, and these are initially measured at fair value including transaction costs and subsequently carried at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Subsequent measurement depends on their classification as described below:

3.8.2.1 Trade and other payables
Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade and other payables are subsequently measured at amortised cost.

3.8.2.2 Loans and borrowings
This category is most relevant to the Group. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest bearing loans and borrowings. For more information refer to Notes 19 and 21.

3.8.2.3 De-recognition of Financial liabilities
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.8.3 Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.8.4 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

3.8.5 Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in most advantageous market for the asset or liability. The principal or most advantageous market must be accessible by the Group.

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The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.9 Treasury shares

The Group's own equity instruments which are re-acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration if reissued is recognised in share premium.

Shares in the Group held by Group subsidiaries are classified as treasury shares. The cost price of these shares, together with related transaction costs, is deducted from equity.

3.10 Employee benefits

Short-term employee benefits

Remuneration such as bonuses, salaries, employee entitlements to leave pay, medical aid and other contributions to employees is recognised in profit or loss as the services are rendered, except for non-accumulating benefits which are only recognised when the specified event occurs. Provision is made for accumulated and incentive bonuses.

Truworths Pension Fund

The Group operates a defined contribution pension plan which requires contributions to be made to a separately administered fund. Group contributions in respect of the defined contribution plan are recognised as an expense in the year to which they relate.

National Employment Council for the Clothing Industry Pension Fund

The Group participates in the industry-wide defined contribution pension fund. Contributions to this plan are charged against profit or loss as incurred.

National Social Security Authority

The Group participates in this state administered pension plan. Contributions to this plan are made in terms of statutory regulations and are charged to profit or loss as incurred.

3.11 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets arising from assessed losses expires after 6 years.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Value Added Tax (VAT)
Revenues, expenses and assets are recognised net of the amount of VAT, except:
- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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3.12 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific asset/(s) and whether it conveys a right to use of the asset/(s).

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease rentals with fixed escalation clauses are recognised in profit or loss on a straight-line basis over the lease term.

The resulting difference arising from the application of the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

3.13 Provisions and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to any provision is recognised in profit or loss. If the effect of the time value of money is material, a discount rate is applied to determine the present value of the provision. Where discounting is applied, the annual increase in the provision due to the passage of time is recognised as an interest expense in profit or loss.

Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any certain reimbursements.

Contingent liabilities are not recognised as liabilities in the Group financial statements but are disclosed separately in the notes.

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

3.14 Revenue

Revenue from contracts with customers

Policy applicable after 1 January 2018

The Group is in the business of retailing of fashion apparel and related merchandise as well the manufacture of fashion apparel. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.2.

The Group's accounting policies for its revenue streams are disclosed below.

Sale of merchandise

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced

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a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The Group has applied IFRS 15 retrospectively as permitted by the Standard with effect from 9 July 2018. The effect of the transition did not have a significant impact on the Group's revenue. The effect of the transition has therefore not been disclosed as the Standard provides an optional practical expedient.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position.

The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the merchandise.

Management fees
Management fees accrue in accordance with the terms of the relevant agreement and are usually recognised on that basis unless, having regard to the substance of the agreement it is more appropriate to recognise revenue on some other systematic and rational basis. Management fees are charged to other subsidiaries by Truworths (Company) for shared services. The Group expects the revenue recognition to occur on a monthly basis.

Service Fees
The Group shares with the financial institution revenue collected on service fees charged on customers. The Group expects the revenue recognition to occur on receipt of payments from debtors.

Commissions
The Group receives commissions for services rendered with respect to customers transactions on life insurance policies sold on behalf of a life insurance company. The Group expects the revenue recognition to occur when the customer signs the insurance contract.

In adopting IFRS 15, the Group has considered the following:

(i) Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The rights of return gives rise to variable consideration.

Rights of return
When a contract with a customer provides a right to return the good within the specified period, the Group should account for the right of return using a probability-weighted average amount of return approach. Similar to the expected value method under IFRS 15. Our current returns policy is seven days after date of purchase.

Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

Policy applicable before 1 January 2018
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when payment is received. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually determined terms of payment and excluding taxes or duty. The Group has concluded that it is principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Sale of merchandise
Revenue from sale of merchandise is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. The following specific recognition criteria must be met before revenue is recognised:

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- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales are for walk-in customers for which risks and rewards pass onto the customer upon making a purchase.

Revenue comprises all sales of goods at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding Value Added Tax (VAT).

Interest
For all financial instruments measured at amortised cost and interest bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

Management fees
Management fees accrue in accordance with the terms of the relevant agreement and are usually recognised on that basis unless, having regard to the substance of the agreement it is more appropriate to recognise revenue on some other systematic and rational basis. Management fees are charged to other subsidiaries by Truworths (Company) for shared services.

Dividends
Revenue is recognised when the Group's right to receive the payment is established, which is generally when the dividend has been declared.

3.15 Cost of sales
Cost of sales includes all costs of purchase, costs of conversion, and other costs incurred in bringing inventories to their present location and condition. Costs of purchase comprise the purchase price, royalties paid, import duties and other taxes and transport costs. Inventory write-downs are included in cost of sales when recognised. Trade discounts, settlement discounts and other similar items are deducted in determining the costs of purchase.

Cost of sales is recognised as an expense when the risks and rewards of ownership related to the sale of merchandise pass to the customer or franchisee. Settlement discount granted by a supplier for early payment is a reduction in the inventory cost.

3.16 Borrowing costs
Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in the borrowing of funds.

3.17 Events after the end of the reporting period
The group financial statements are adjusted to reflect events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the end of the reporting period. Events that are indicative of conditions that arose after the end of the reporting period are disclosed, but do not result in an adjustment of the financial statements themselves.

3.18 New and amended standards and interpretations
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases
General impact of application of IFRS 16 Leases
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance

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including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019.

The date of initial application of IFRS 16 for the Group will be 8 July 2019. As permitted by IFRS 16: C5(b), the Group will recognise the cumulative effect of initially applying IFRS 16 as an opening adjustment to retained earnings.

The Directors are still assessing the financial impact of adopting IFRS 16 which is expected to have a significant impact on the amounts recognised in the consolidated financial statements. It is not practical to provide a reasonable estimate of the financial effect of adopting IFRS 16 until the Directors complete the assessment.

Impact on lessee accounting
Operating leases
On initial application of IFRS 16, for all leases (except as noted below), the Group will:
- recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities.

Finance leases
The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17.

Impact on lessor accounting
Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

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An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

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The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)
These improvements include:

• Amendments to IFRS 3 - Business Combinations
The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

• IFRS 11 Joint Arrangements
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

• IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

• IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since

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the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

Definition of Material
The amendments to IAS 1 and IAS 8 clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements. The interpretation is effective for reporting periods beginning on or after January 1, 2019.

IFRS 17 Insurance Contracts
The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty; it takes into account market interest rates and the impact of policyholders' options and guarantees.

The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and IT.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The Directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Group's consolidated financial statements.

IAS 12 Income Taxes
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 Business Combinations
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

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IFRS 11 Joint Arrangements
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1 January 2019 and generally require prospective application. Earlier application is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRIC 23 - Uncertainty over income tax treatments
On 7 June 2017, the International Accounting Standards Board (IASB or the Board) issued IFRIC Interpretation 23 — Uncertainty over Income Tax Treatments (the Interpretation). The Interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The interpretation is applicable for annual reporting periods beginning on or after 1 January 2019; it provides a choice of to transition approaches:
- The interpretation may be applied retrospectively using IAS 8, only if application is possible without the use of hindsight, or
- The interpretation may be applied retrospectively with the cumulative effect of the initial application recognised as an adjustment to equity on the date of initial application. In this approach, the comparative information is not restated. The date of initial application is the beginning of the annual reporting period in which an entity first applies this interpretation.

The Group will consider the amendment, if applicable, when they become effective.

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		GROUP		COMPANY	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
4.	**REVENUE**				
	Revenue from Contracts with Customers	17 838 783	13 645 087	6 897 642	5 159 481
	- retail merchandise sales	17 653 040	13 458 048	6 897 642	5 159 481
	- factory sales to third parties	185 743	187 039	-	-
	Finance Income	2 788 930	2 620 465	953 408	861 644
	- accounts receivable	2 780 459	2 612 133	945 029	853 754
	- other	8 471	8 332	8 379	7 890
	Service fee	538 632	541 789	538 632	541 789
	Commissions	66 998	84 134	23 589	27 062
	Management fees from subsidiaries	-	-	2 992 467	2 338 144
	Total revenue	**21 233 343**	**16 891 475**	**11 405 738**	**8 928 120**
4.1	**Other operating income**	**892 980**	**646 303**	**785 093**	**573 486**
	Service fee	538 632	541 789	538 632	541 789
	Loss on disposal of property, plant and equipment	-	(1 182)	-	(1 182)
	Unrealised foreign exchange differences	253 522	(8 091)	200 802	(8 080)
	Commissions	66 998	84 134	23 589	27 062
	Insurance recoveries	12 876	8 450	12 876	8 450
	Other income	20 952	21 203	9 194	5 447
5.	**TRADING EXPENSES**				
	Trading profit / (loss) is stated after taking account of the following items:				
5.1	**Depreciation and amortisation**				
	- Depreciation retail charge	403 944	320 403	200 355	135 520
	- Amortisation retail charge	40 222	45 962	39 566	45 392
		444 166	**366 365**	**239 921**	**180 912**
5.2	**Employment costs**				
	Retail chains employed 316 (2018: 313) full-time equivalent employees during the period. The aggregate remuneration and associated costs for the period relating to the employment of permanent and flexi-time employees, including executive directors, were:				
	- Salaries, bonuses, wages and other benefits	4 028 961	2 965 780	2 836 083	1 978 035
	- Contributions to defined contribution plans (refer to Note 28.1 and Note 28.3)	254 987	215 812	168 573	143 779
	- Medical aid contributions	147 811	121 306	111 817	90 431
	Total	**4 431 759**	**3 302 898**	**3 116 473**	**2 212 245**
5.3	**Occupancy costs**				
	Land and buildings				
	- minimum lease payments	1 640 488	1 541 256	564 651	523 367
	- turnover clause payments	8 442	-	8 442	-
	Total operating lease expenses	1 648 930	1 541 256	573 093	523 367
	Other occupancy costs*	661 794	609 781	294 887	251 137
	Total	**2 310 724**	**2 151 037**	**867 980**	**774 504**
	*Other occupancy costs are electricity, rates, water, shop licences, fuel for generators, store maintenance and lease management related expenses.				
5.4	**Trade receivable costs**				
	Impairment charge	(116 438)	283 500	5 816	86 000
	Collection and other receivable costs	526 082	7 760	166 487	(10 854)
	Total	**409 644**	**291 260**	**172 303**	**75 146**

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		GROUP		COMPANY	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
5.5	**Other operating costs**				
	- Advertising and marketing	270 628	225 907	155 061	111 174
	- Audit fees	90 596	89 600	44 036	43 040
	- Management, technical, consulting and secretarial fees	302 263	178 281	174 845	98 266
	- Transport and travel costs	764 191	566 652	638 243	477 341
	- Other operating costs*	1 540 894	908 545	934 285	597 575
	Total	**2 968 572**	**1 968 985**	**1 946 470**	**1 327 396**
	* other operating costs mainly comprise telephone, printing, stationery and insurance expenses				
6.	**MANUFACTURING PROFIT / (LOSS)**				
	Manufacturing profit / (loss) is stated after taking account of the following items:	(751 603)	(569 675)		
	- depreciation	(117 348)	(26 229)		
	- employment costs - short-term benefits	(376 360)	(313 229)		
	- administration costs	(257 895)	(230 219)		
7.	**NET FINANCE INCOME / (COST)**				
	Interest receivable				
	- accounts receivable	2 780 459	2 612 133	945 029	853 754
	- other	8 471	8 332	8 379	7 890
	Finance income	**2 788 930**	**2 620 465**	**953 408**	**861 644**
	Finance cost				
	Interest payable on borrowings	(917 109)	(911 228)	(890 276)	(899 886)
	Net finance income / (cost)	**1 871 821**	**1 709 237**	**63 132**	**(38 242)**
8.	**TAX**				
8.1	**Taxation charge**				
	Income tax:				
	Current tax - Standard	(421 823)	(136 967)	(421 823)	(136 967)
	- AIDS levy	(12 653)	(4 108)	(12 655)	(4 108)
	- Withholding tax	(2)	(3)	-	(2)
	Deferred tax	(567 745)	(166 897)	(125 284)	(105 712)
		(1 002 223)	**(307 975)**	**(559 762)**	**(246 789)**
8.2	**Reconciliation of tax charge:**				
	Profit before tax for the period:	3 800 684	1 114 891	2 114 381	919 922
	Tax calculated at 25.75% (inclusive of AIDS levy)	(978 676)	(287 084)	(544 453)	(236 880)
	Effect of interest income taxed at other rates	(4)	473	-	473
	Effect of expenses which are not tax deductible	(23 543)	(21 364)	(15 309)	(10 382)
		(1 002 223)	**(307 975)**	**(559 762)**	**(246 789)**
		%	%	%	%
	Standard rate	(25.75)	(25.75)	(25.75)	(25.75)
	Adjusted for:				
	Effect of expenses which are not tax deductible	(0.62)	(1.91)	(0.72)	(1.13)
	Effect of interest income taxed at other rates	-	-	-	-
	Effective rate	**(26.37)**	**(27.62)**	**(26.47)**	**(26.83)**

Deferred income tax assets are recognised for the carry forward of unused tax losses to the extent that it is probable that taxable profits will be available against which the unused tax losses can be utilised. Refer to Note 20 for further details.

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	GROUP 2019 ZWL$	GROUP 2018 ZWL$	COMPANY 2019 ZWL$	COMPANY 2018 ZWL$
9. PROFIT FOR THE PERIOD				
Holding company	1 554 618	673 133	1 554 618	673 133
Subsidiary companies:-				
- Topic Stores (Private) Limited (incorporating Number 1 Stores)	1 131 660	187 407	-	-
- Bravette Manufacturing Company (Private) Limited	112 183	(53 624)	-	-
	2 798 461	**806 916**	**1 554 618**	**673 133**
10. EARNINGS PER SHARE				
Basic earnings per share is calculated by dividing net profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. No adjustments have been made in calculating diluted earnings per share as there are no dilutive instruments.				
Headline earnings are determined as follows:				
Profit for the period, fully attributable to owners of the parent	2 798 461	806 916	1 554 618	673 133
Adjusted for:				
Loss on disposal of property, plant and equipment (Note 4.1 and Note 6)	-	1 182	-	1 182
Headline earnings	**2 798 461**	**808 098**	**1 554 618**	**674 315**
Weighted average number of ordinary shares in issue (Note 17.2)	380 901 152	380 901 152	380 901 152	380 901 152
Basic earnings per share (cents)	0.73	0.21	0.41	0.18
Diluted earnings per share (cents)	0.73	0.21	0.41	0.18
Headline earnings per share (cents)	0.73	0.21	0.41	0.18
There have been no other transactions involving ordinary shares between reporting date and date of completion of these financial statements.				
11. INVESTMENT IN SUBSIDIARIES				
Investments in subsidiaries are accounted for at cost in the separate books of the holding company.				
Topic Stores (Private) Limited (incorporating Number 1 Stores) (100% wholly-owned) 16,000 Ordinary shares of ZWL$0.50 each			8 000	8 000
Bravette Manufacturing Company (Private) Limited (100% wholly-owned) 2 Ordinary shares of ZWL$2.00 each			4	4
Major Merchandising (Private) Limited (Dormant) (100% wholly-owned) 2 Ordinary shares of ZWL$2.00 each			4	4
Effective Debt Collection Company (Private) Limited (Dormant) (100% wholly-owned) 2 Ordinary shares of ZWL$1.00 each			2	2
Top Centre (Private) Limited (Dormant) (100% wholly owned) 2 Ordinary shares of ZWL$1.00 each			2	2
Truworths Management Services (Private) Limited (Dormant) (100% wholly owned) 2 Ordinary shares of ZWL$1.00 each			2	2
Number 1 Stores (1987) (Private) Limited (Dormant) (100% wholly owned) 2 Ordinary shares of ZWL$2.00 each			4	4
			8 018	**8 018**

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	GROUP		COMPANY	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
12. PROPERTY, PLANT AND EQUIPMENT				
Leasehold improvements				
At cost	1 455 376	1 443 834	348 646	344 799
Additions	-	11 542	-	3 847
Change in functional currency	3 012 208		795 952	
Accumulated depreciation	(2 777 714)	(1 017 864)	(699 100)	(255 567)
Net Carrying Amount	**1 689 870**	**437 512**	**445 498**	**93 079**
Motor vehicles				
At cost	899 495	1 068 513	899 495	1 068 513
Additions	-	-	-	-
Disposals	-	(15 100)	-	(15 100)
Change in functional currency	1 915 918		1 915 918	
Accumulated depreciation	(1 984 746)	(870 202)	(1 984 746)	(870 202)
Net Carrying Amount	**830 667**	**183 211**	**830 667**	**183 211**
Furniture and fittings and equipment				
At cost	2 486 007	2 414 094	1 265 996	1 225 672
Additions	71 882	72 929	39 412	40 324
Change in functional currency	5 936 843		2 750 610	
Accumulated depreciation	(5 606 389)	(2 086 784)	(2 965 262)	(1 125 784)
Net Carrying Amount	**2 888 343**	**400 239**	**1 090 756**	**140 212**
Plant and machinery				
At cost	337 014	337 014	-	-
Change in functional currency	2 451 609	-	-	-
Accumulated depreciation	(739 338)	(263 588)	-	-
Net Carrying Amount	**2 049 285**	**73 426**	**-**	**-**
Total Property, Plant and Equipment				
At cost	5 177 892	5 263 455	2 514 137	2 638 984
Additions	71 882	84 471	39 412	44 171
Disposals	-	(15 100)	-	(15 100)
Change in functional currency	13 316 578	-	5 462 480	-
Accumulated depreciation	(11 108 188)	(4 238 438)	(5 649 108)	(2 251 553)
Net carrying amount	**7 458 164**	**1 094 388**	**2 366 921**	**416 502**
Movements for the year				
Balance at the beginning of the period, net of depreciation	**1 094 388**	**1 371 525**	**416 502**	**522 953**
Additions at cost	**71 882**	**84 471**	**39 412**	**44 171**
Leasehold premises	-	11 542	-	3 847
Furniture and fittings and equipment	71 882	72 929	39 412	40 324
Disposals	**-**	**(15 100)**	**-**	**(15 100)**
Motor vehicles at cost	-	(94 850)	-	(94 850)
Furniture and fittings and equipment at cost	-	(1 017)	-	(1 017)
Accumulated depreciation on;				
- motor vehicles	-	79 750	-	79 750
- furniture and fittings and equipment	-	1 017	-	1 017

The group applied the prescribed interbank rate of ZWL$2.5 to USD$1 on 23 February 2019 by recognising an increase in net assets amounting to ZWL$6 971 455 arriving from the conversion of balances of property, plant and equipment.

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(continued)

		GROUP		COMPANY	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
12.	**PROPERTY, PLANT AND EQUIPMENT (continued)**				
	Change in functional currency	**6 813 031**	**-**	**2 111 364**	**-**
	Leasehold improvements at cost	3 012 208	-	795 952	-
	Motor vehicles at cost	1 915 918	-	1 915 918	-
	Furniture and fittings and equipment	5 936 843	-	2 750 610	-
	Plant and machinery	2 451 609	-	-	-
	Accumulated depreciation on;				
	- leasehold improvements	(1 631 666)	-	(410 243)	-
	- motor vehicles	(1 199 749)	-	(1 199 749)	-
	- furniture and fittings and equipment	(3 270 927)	-	(1 741 124)	-
	- plant and machinery	(401 205)	-	-	-
	Depreciation	**(521 136)**	**(346 508)**	**(200 357)**	**(135 522)**
	Leasehold improvements	(128 184)	(117 379)	(33 290)	(30 399)
	Motor vehicles	(68 713)	(39 724)	(68 713)	(39 724)
	Furniture and fittings and equipment	(249 694)	(168 897)	(98 354)	(65 399)
	Plant and machinery	(74 545)	(20 508)	-	-
	Net carrying amount at the end of the period	**7 458 164**	**1 094 388**	**2 366 921**	**416 502**
13.	**INTANGIBLE ASSETS**				
	Computer software				
	Cost	522 118	522 118	515 162	515 162
	Additions	-	-	-	-
	Change in functional currency	744 775	-	734 918	-
	Accumulated amortisation	(986 906)	(360 178)	(980 256)	(358 122)
	Net Carrying Amount	**279 987**	**161 940**	**269 824**	**157 040**
	Movements in the net carrying amount for the year				
	Balance at the beginning of the period, net of amortisation	161 940	208 027	157 040	202 432
	Amortisation for the year	(40 378)	(46 087)	(39 564)	(45 392)
	Change in functional currency	**158 425**	**-**	**152 348**	**-**
	Computer software - at cost	744 775	-	734 918	-
	Computer software - accumulated amortisation	(586 350)	-	(582 570)	-
	Net carrying amount at the end of the period	**279 987**	**161 940**	**269 824**	**157 040**
14.	**INVENTORIES**				
	Finished goods	4 786 564	4 127 861	1 768 373	1 706 916
	Raw materials	591 663	536 518	-	-
	Work in progress	37 634	40 953	-	-
	Total	**5 415 861**	**4 705 332**	**1 768 373**	**1 706 916**
	The amount of inventories expensed as a result of shrinkage and markdowns during the period which is included in cost of sales amounted to:-	159 633	84 000	59 781	39 639
	Cost of inventory expensed due to sales which is included in cost of sales amounted to:-	6 102 133	6 523 776	2 221 025	2 503 105

(There were no reversals of any write downs that is recognised as an expense for the period.)

NOTES TO THE FINANCIAL STATEMENTS
(continued)

		GROUP		COMPANY	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
15.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	9 440 045	8 979 919	3 437 869	3 161 473
	Prepayments	797 412	376 404	424 822	186 047
	Other receivables	1 035 420	348 285	919 484	214 402
	Group companies				
	- Topic Stores (Private) Limited (incorporating Number 1 Stores)	-	-	5 307 391	6 800 259
	- Bravette Manufacturing Company (Private) Limited	-	-	1 494 361	1 063 264
	Total	**11 272 877**	**9 704 608**	**11 583 927**	**11 425 445**

15.1 Trade receivables

The Group's trade receivables have payment terms of 180 to 360 days (2018: 180 to 360 days). The average debtors' days at the end of the reporting period was 350 days (2018: 341 days). Refer to Note 30.1 for additional credit risk disclosures. Also refer to Note 19 and Note 21 for pledges on trade receivables.

Interest is charged on all overdue amounts according to the Group's term and conditions of granting credit. The rate charged during 2019 was 5% (2018: 5%).

Refer to Note 27 for the terms of intercompany receivables.

The Group entered into an arrangement with a local financial institution whereby a certain portion of its debtors' book was transferred to the Financial Institution at the carrying amount in exchange of cash.

In addition, the Group entered into a separate arrangement with the same financial institution, whereby the Financial Institution advances money to customers to pay for their purchases and recovers the money from the customers over a period of three years. The Group is still involved with the administration of collection and payments on behalf of the Financial Institution.

As at period end the balances outstanding on these customer accounts and payable to the Financial Institution by the customers amounted to ZWL$11 852 608 (2018: ZWL$12 205 869) and are not included in the above trade receivables balance. Balance of ZWL$646 778 (2018: ZWL$305 005 - payable) is due from the Financial Institution for funds collected and is included in other receivables.

The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets in the current year amounts to ZWL$1 428 260 (2018: Nil). These amounts have been included in the computation of the Expected Credit Losses.

Income recognised, both in the current reporting period and cumulatively, from the entity's continuing involvement in the derecognised financial assets amounts to ZWL$538 632 (2018: ZWL$541 789). The cumulative amount recognised in the income statement amounts to ZWL$1 080 421.

		GROUP		COMPANY	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
15.2	**Allowance for credit losses**				
	Balance at the beginning of the period	927 998	931 504	198 407	189 728
	Adjustment upon adoption of IFRS 9	814 212	-	243 602	-
	Restated ECL at July 09 2019	1 742 210	931 504	442 009	189 728
	Movement for the period				
	Allowances utilised	(649 345)	(287 006)	(210 813)	(77 321)
	Allowances raised	587 886	283 500	256 854	86 000
	Balance at the end of the period	**1 680 751**	**927 998**	**488 050**	**198 407**

The Directors consider the carrying amounts of trade and other receivables to approximate their fair values and that no further allowance in excess of the above allowance is required. The trade receivables above are net of the allowance for expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

	GROUP		COMPANY	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
16. CASH AND CASH EQUIVALENTS				
Balances with banks	1 118 703	450 390	675 342	223 816
Cash on hand	9 385	5 773	8 529	4 616
Total	**1 128 088**	**456 163**	**683 871**	**228 432**

Balances with banks comprise current account balances and short-term deposits. Balances with banks earn interest at floating bank deposit and call rates.

Restrictions on the use of bank balances held in foreign banks.

Balances with Reserve Bank of Zimbabwe and Foreign Banks are used to facilitate customer transactions which include payments and cash withdrawals. In 2016, the Reserve Bank of Zimbabwe , through Exchange Control Operational Guide 8 (ECOGAD 8), introduced prioritisation criteria which are to be followed when making foreign payments for customers. After prioritisation, foreign payments are then made subject to availability of funds, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the RTGS system.

	COMPANY	
	2019 ZWL$	2018 ZWL$
17. SHARE CAPITAL		
17.1 Authorised		
Authorised share capital comprises 1 000 000 000 ordinary share of $0.0001 each. The authorised share capital has not changed during the year.	100 000	100 000
17.2 Issued and fully paid		
The original par value of issued shares of 384 067 512 (2018: 384 067 512) was redenominated to ZWL$0.0001 each in 2011.		
The Company has one class of ordinary shares which carry no rights to fixed income.		
Reconciliation of movement in the number of issued shares:		
Ordinary shares in issue at the beginning of the period	384 067 512	384 067 512
Ordinary shares issued during the period	-	-
Balance at the end of the period	384 067 512	384 067 512
Treasury shares held	(3 166 360)	(3 166 360)
Adjusted issued ordinary shares	380 901 152	380 901 152
Treasury shares as % of issued shares at the end of the period	(0,82)	(0,82)
Market price at the end of the period (cents)	2.41	1.29
Market value of issued shares at the end of the period (ZWL$)	9 256 027	4 954 471
Nominal value of share capital at the end of the period (ZWL$)	38 407	38 407

17.3 Unissued shares

The Company's Articles of Association stipulate that the unissued shares of 615 932 488 (2018: 615 932 488) shall only be dealt with as directed by a General Meeting of Shareholders. Shareholders may in a General Meeting and subject to provisions of the Companies Act (Chapter 24:03), authorise Directors to dispose of unissued shares as the Directors in their statutory right may see fit.

The number of shares under the control of the Directors for the Share Option Scheme (2008) are 35 000 000 (2018:35 000 000). The Directors decided to suspend any allotments on the scheme and allotment may be reconsidered at a later date.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

17.4 Directors' shareholdings

The Directors' direct and indirect beneficial interest in the shares of the Company are shown below.

	Ordinary shares 2019	Ordinary shares 2018	%
B Ndebele - C.E.O.	55 814 914	55 814 914	14.53
M P Mahlangu - Non-Executive Director	13 800	13 800	0.00
	55 828 714	**55 828 714**	**14.53**

Other than the above, no Director or his nominee, had any interest, beneficial or non-beneficial, in the share capital of the company. There have not been any changes in the Directors' interests in the shares of the company between reporting date and completion of these financial statements.

	GROUP		COMPANY	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
17.5 Treasury shares				
Balance at the beginning of the period			**3 166 360**	**3 166 360**
Movement during the period			-	-
Balance at the end of the period			**3 166 360**	**3 166 360**
Market value at the end of the period (ZWL$)			76 309	40 846
Nominal value at the end of the period (ZWL$)			(317)	(317)
All treasury shares are held by Truworths Limited.				
18. NON-DISTRIBUTABLE RESERVE				
Opening balance	1 856 611	1 856 611	784 475	784 475
Effects of change in functional currency from US$ to ZWL$	5 176 306	-	1 680 807	-
Transfer to Retained earnings	(267 476)	-	24 880	-
Closing balance	**6 765 441**	**1 856 611**	**2 490 162**	**784 475**
Made up of:-				
- Dollarisation (2009)	1 355 292	1 622 768	575 512	550 632
- Share premium (2014)	233 843	233 843	233 843	233 843
- Change in functional currency reserve (2019)	5 176 306	-	1 680 807	-
Total	**6 765 441**	**1 856 611**	**2 490 162**	**784 475**

The non-distributable reserve comprises of the change in functional currency reserve, which arose as a result of change in functional currency from the Zimbabwean Dollar to United States Dollar in 2009, share premium on scrip dividend of 2014 and change in functional currency from United States Dollars to Zimbabwe Dollars in 2019.

	GROUP 2019 ZWL$	GROUP 2018 ZWL$	COMPANY 2019 ZWL$	COMPANY 2018 ZWL$
19. LONG-TERM BORROWINGS				
Bank loan	-	1 277 947	-	1 277 947
Less: current portion transferred to short term borrowings	-	(1 277 947)	-	(1 277 947)
Long term portion	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(continued)

19. LONG-TERM BORROWINGS (continued)

Bank loan

This loan bore interest of 11.5% and is jointly secured in Cession of Book Debts, Power of Attorney to register an NGCB and Cession of Insurance Policy with Security Agent as First Loss Payee. The loan is repayable monthly in equal instalments until July 31 2019.

	GROUP		COMPANY	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
20. DEFERRED TAX				
Net deferred tax liability at the beginning of the period	**61 028**	**103 790**	**285 882**	**242 898**
Liability	1 163 415	1 072 871	348 610	242 898
Deferred tax on initial application of IFRS 9	(209 659)	-	(62 728)	-
Asset	(892 728)	(969 081)	-	-
Movement for the period	**567 745**	**166 897**	**125 284**	**105 712**
Charge to profit or loss	567 745	166 897	125 284	105 712
Being:				
Increase in deferred tax liability	**567 745**	**166 897**	**125 284**	**105 712**
Prepayments	-	(64 159)	-	(38 153)
Property, plant and equipment	(148 745)	(51 913)	(52 718)	(29 675)
Intangible assets	-	(1 751)	-	(310)
Exchange differences	51 001	(1 002)	47 046	(1 012)
Accounts receivables	364 328	236 927	163 085	73 856
Provision for audit fees	(14 300)	(29 646)	(14 300)	(13 022)
Provision for leave pay	(25 570)	2 088	(17 829)	1 078
Assessable loss	341 031	76 353	-	112 950
Deferred tax arising on upliftment of Property, plant and equipment at translation	1 795 149	-	582 906	-
Net deferred tax liability at the end of the period	**2 423 922**	**270 687**	**994 072**	**348 610**
Closing balance comprising:				
Deferred tax liability disclosed in financial statements	**2 423 922**	**270 687**	**994 072**	**348 610**
Prepayments	-	(1)	-	-
Property plant and equipment	10 401	159 147	(44 850)	7 868
Property plant and equipment - uplift	1 795 149	-	582 906	-
Intangible assets	-	-	-	-
Exchange differences	49 913	(1 088)	45 989	(1 057)
Deferred tax on initial application of IFRS 9	(209 659)	-	(62 728)	-
Accounts receivable	1 445 621	1 081 293	550 636	387 551
Provision for audit fees	(43 946)	(29 646)	(27 322)	(13 022)
Provision for leave pay	(71 860)	(46 290)	(50 559)	(32 730)
Assessable loss	(551 697)	(892 728)	-	-
Disclosed as:-				
Deferred tax liability	2 423 922	439 707	994 072	348 610
Deferred tax asset	-	(169 020)	-	-
	2 423 922	**270 687**	**994 072**	**348 610**

The Group has recognised a deferred income tax asset as it is probable that in the foreseeable future, taxable profits will be available against which the deferred tax asset can be realised.

At 07 July 2019, the group subsidiaries had incurred tax losses amounting to ZWL$2 142 526 (2018: ZWL$3 466 906). In future years, the tax losses will provide the company with income tax relief amounting to ZWL$551 697 (2018: ZWL$892 728). The deferred tax asset has been recognised as the Company will be able to offset the total tax loss against future taxable income anticipated as per the Company's financial focus.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

	Opening balance ZWL$	Loss / (Utilisation) ZWL$	Closing balance ZWL$
Analysis of the deferred tax effect of tax losses			
2019 Balance	892 728	(341 031)	551 697
2018 Balance	969 081	(76 353)	892 728
2017 Balance	408 800	560 281	969 081
2016 Balance	214 062	194 738	408 800
2015 Balance	51 692	162 370	214 062
2014 Balance	71 957	(20 265)	51 692
2013 Balance	183 099	(111 142)	71 957

	GROUP		COMPANY	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
21. SHORT-TERM BORROWINGS				
Short term loans				
- Financial institutions	5 643 244	6 029 756	5 643 244	6 029 756
- Debentures	-	225 565	-	225 565
Total short-term borrowings	5 643 244	6 255 321	5 643 244	6 255 321
Add: current portion of long term borrowings (refer to Note 19)	-	1 277 947	-	1 277 947
Total	**5 643 244**	**7 533 268**	**5 643 244**	**7 533 268**

Short-term borrowings of ZWL$5,643,244 (2018: ZWL$7,533,268) are jointly secured Cession of Book Debts, Power of Attorney to register an NGCB and Cession of Insurance Policy with Security Agent as First Loss Payee.

Short-term borrowings are renewed on maturity in terms of ongoing facilities negotiated with the respective financial institutions.

Short-term borrowings bear interest in accordance with the ruling short-term money market rates. An average rate of 17.69% (2018: 10.94%) per annum was applicable to the outstanding balance.

Debentures
The 12.5% unsecured debentures were repaid in full during the course of the year.

The only movement in the Loans & Borrowings is the amount of ZWL$1 890 042 (2018: ZWL$3 583 332) as shown in the cash flow from financing activities in the Statement of Cash Flows

	GROUP 2019 ZWL$	GROUP 2018 ZWL$	COMPANY 2019 ZWL$	COMPANY 2018 ZWL$
22. TRADE AND OTHER PAYABLES				
Trade payables	3 784 880	2 792 332	1 281 888	857 514
Other payables and accrued expenses	1 587 670	1 288 805	742 979	716 411
Total	**5 372 550**	**4 081 137**	**2 024 867**	**1 573 925**

The Directors consider the carrying amounts of all trade and other payables to approximate their fair value due to their short term nature.

Terms and conditions of financial liabilities
- Trade payables are non interest bearing and are normally settled between 30 and 120 days.
- Other payables and accrued expenses are non interest bearing provided they are settled within their respective credit terms. These are normally settled within 90 days.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

		GROUP		COMPANY	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
23.	**PROVISIONS**				
23.1	**Employment related provisions**				
	Balance at beginning of period	**199 377**	**208 977**	**127 105**	**131 293**
	Arising during the year	470 433	(9 600)	440 375	(4 188)
	- Provisions utilised	(208 801)	(123 864)	(117 132)	(51 990)
	- Provisions raised	679 234	114 264	557 507	47 802
	Balance at end of period	**669 810**	**199 377**	**567 480**	**127 105**
	Comprising of:				
	Leave pay provision	298 678	199 377	196 348	127 105
	Profit share bonus	138 497	-	138 497	-
	Other bonuses	232 635	-	232 635	-
		669 810	**199 377**	**567 480**	**127 105**

Timing of outflow embodying economic benefits relating to cash in lieu of leave is expected when individual employee's employment contracts are terminated, the uncertainty relating to the amount of the obligation is attributable to the change in employee pay rates which might take place after the end of the reporting period.

		GROUP 2019 ZWL$	GROUP 2018 ZWL$	COMPANY 2019 ZWL$	COMPANY 2018 ZWL$
24	**CASH FLOW INFORMATION**				
24.1	**Cash utilised in trading**				
	Profit before tax	**3 800 684**	**1 114 891**	**2 114 381**	**919 922**
	Adjustments for non cash items:-				
	Depreciation and amortisation (Note 5.1 and 6)	561 514	392 594	239 921	180 912
	Allowances for credit losses (Note 15.2)	587 886	283 500	256 854	86 000
	Employment related provisions raised (Note 23.1)	679 234	114 264	557 507	47 802
	Unrealised foreign exchange differences (Note 4.1)	(253 523)	8 091	(200 802)	8 080
	Inventory write-down (Note 14)	159 633	84 000	59 781	39 639
	Loss on disposal of property, plant and equipment (Note 4.1)	-	1 182	-	1 182
	Net finance (income) / cost (Note 7)	(1 871 821)	(1 709 237)	(63 132)	38 242
		3 663 607	**289 285**	**2 964 509**	**1 321 779**
24.2	**Working capital movements**				
	Increase in inventory	(870 163)	(645 986)	(121 238)	(110 254)
	(Decrease) / increase in accounts receivable	(2 970 347)	(421 560)	(658 924)	428 420
	Increase / (decrease) in accounts payable	1 336 134	741 541	534 615	(104 265)
		(2 504 376)	**(326 005)**	**(245 547)**	**213 901**
24.3	**Tax paid**				
	Amounts owing at the beginning of the period	(156 520)	(15 446)	(156 588)	(15 513)
	Tax charged	(434 479)	(141 077)	(434 478)	(141 077)
	Amounts owing at the end of the period	193 796	156 520	193 864	156 588
	Amounts paid during the year	(397 203)	(3)	(397 202)	(2)
24.4	**Cash and cash equivalents**				
	Made up as follows:				
	Cash at bank and on hand (Note 16)	1 128 088	456 163	683 871	228 432
25.	**CAPITAL COMMITMENTS**				
	Capital commitments include all projects for which specific board approval has been obtained.				
	Capital expenditure authorised	**300 000**	**375 000**	**216 840**	**207 953**
	Motor vehicles	-	96 300	-	96 300
	Computer infrastructure	300 000	136 805	216 840	67 692
	Store development	-	106 895	-	43 961
	Factory development	-	35 000	-	-
	Head office facilities	-	-	-	-

These commitments will be financed by cash generated from operations and existing facilities from financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

26. LEASES

Lessee under operating leases

The Group leases all its trading premises, manufacturing premise, head office and distribution centre in terms of operating leases, whereas other operating assets including a store are owned. Trading premises are contracted for periods of between 1 and 5 years, with renewal options . Some of these leases provide for minimum annual rental payments together with additional amounts determined on the basis of sale of merchandise. A total of 4 (2018: nil) stores of all premises leased on contract with turnover rental clauses reached the turnover threshold in terms of the lease agreements.

	GROUP		COMPANY	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Operating lease commitments payable within one year	1 095 434	967 435	599 672	425 270
Operating lease commitments payable after one year but not more than five years	2 055 222	1 553 146	1 614 989	1 396 249
Operating lease commitments payable after five years	-	-	-	-
	3 150 656	**2 520 581**	**2 214 661**	**1 821 519**

27. RELATED PARTY DISCLOSURES

The consolidated financial statements of the Group include the Parent company Truworths Limited and its subsidiaries as follows:-

Name	Country of Incorporation	Effective % holding 2019
Topic Stores (Private) Limited (incorporating Number 1 Stores)	Zimbabwe	100%
Bravette Manufacturing Company (Private) Limited	Zimbabwe	100%
Major Merchandising (Private) Limited (Dormant) (100% wholly-owned)	Zimbabwe	100%
Effective Debt Collection Company (Private) Limited (Dormant) (100% wholly-owned)	Zimbabwe	100%
Top Centre (Private) Limited (Dormant) (100% wholly owned)	Zimbabwe	100%
Truworths Management Services (Private) Limited (Dormant) (100% wholly owned)	Zimbabwe	100%
Number 1 Stores (1987) (Private) Limited (Dormant) (100% wholly owned)	Zimbabwe	100%

The following table provides the total amount of transactions, which have been entered into with related parties and the respective loan balances.

	Management fees ZWL$	Merchandise purchased from ZWL$	Amounts owing by ZWL$
2019 Company			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	2 944 467	-	5 307 391
Bravette Manufacturing Company (Private) Limited	48 000	(812 385)	1 494 361
2018 Company			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	2 290 144	-	6 800 259
Bravette Manufacturing Company (Private) Limited	48 000	(622 149)	1 063 264

Terms of intercompany balances

There are no fixed terms of repayment for intercompany receivables and payables and no interest is charged on outstanding balances. No allowance for credit losses is made on intercompany receivables as the balances will be recovered in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

	GROUP		COMPANY	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Compensation of key management personnel				
The remuneration of directors and other members of key management during the year was as follows:				
Short - term benefits	1 099 846	796 528	1 099 846	796 528
Post - employment benefits	72 392	59 835	72 392	59 835
	1 172 238	**856 363**	**1 172 238**	**856 363**
Included in the above amounts are the following in respect of directors' emoluments:				
Fees as directors	30 245	22 220	30 245	22 220
Otherwise in connection with management	737 795	498 030	737 795	498 030
	768 040	**520 250**	**768 040**	**520 250**
Loans to key management personnel				
Loans granted to key management personnel are interest bearing and balances outstanding at the end of the period were as follows:	103 628	100 135	103 628	100 135
These balances have been included in trade and other receivables				
28. EMPLOYEE BENEFITS				
The Group participates in three pension plans covering substantially all of its employees.				
28.1 Truworths Pension Fund				
The Group operates a defined contribution plan which requires contributions to be made to a separately administered fund. Contributions to this fund are recognised as an expense in the period to which the employees service relates.	207 063	176 181	138 865	117 644
28.2 National Employment Council for the Clothing Industry Pension Fund				
The Bravette Manufacturing Company employees make contributions towards the Clothing Industry Pension Fund.	11 624	12 008	-	-
28.3 National Social Security Scheme				
The scheme was promulgated under the National Social Security Act (1989). The Group's obligation under the scheme is limited to specific contributions as legislated from time to time.	51 422	52 958	29 709	26 135

28.4 Employee share incentive plan

1999 Share Incentive Scheme

This scheme was allotted 31 250 000 shares. The scheme was closed and there are no outstanding options.

2008 Share Incentive Scheme

Shareholders placed 35 000 000 shares under the control of the Directors for a Share Option Incentive Scheme. After considering the incentive nature of the scheme and the valuations prevailing on the Zimbabwe Stock Exchange, the Directors decided to suspend any allotments under this scheme. The Incentive Scheme may be considered at a later date.

29. BORROWING POWERS

In a resolution passed in the 61st Annual General Meeting of Shareholders on 06 December 2018, the Company was authorised to borrow up to a limit of ZWL$12 000 000 until conclusion of the next Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to fund the Group's operations. The Group has trade and other receivables, and cash and short term deposits that arise directly from its operations and are classified as loans and receivables.

The Group is exposed to credit risk, liquidity risk and interest rate risk and currency risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the audit committee that advises on financial risk and appropriate risk governance framework for the Group.

30.1 Credit risk

Financial assets which potentially subject the group to credit risk consist principally of trade receivables and bank and cash balances. The Group's cash equivalents are placed with high credit quality institutions and are not all at any one time held by a single institution.

All short-term cash investments are invested with major reputable financial institutions in order to manage credit risk.

Trade receivables are presented net of allowance for expected credit losses. These trade account receivables are due from a large customer base. Group entities perform ongoing credit evaluations of the financial position of their customers. Before accepting any new credit customer or offering additional credit to existing account holders, the Group uses scoring systems, external credit bureau data and affordability assessments to determine the customer's credit quality. Credit risk in respect of trade account receivables is limited due to the large number of customers comprising the Group's customer base and their employment across different economic and geographical area. As a result the Group does not consider there to be any significant concentration of credit risk.

Customers that are overdue can no longer purchase until they have made payment to bring their account up to date.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by payment patterns or forms of credit insurance). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. Credit insurance is considered integral part of trade receivables and considered in the calculation of impairment. These credit enhancements obtained by the Group resulted in a decrease in the ECL.

The Group's maximum exposure to credit risk is limited to the carrying amount of the trade receivables and cash and equivalents

The directors believe that no further allowance in excess of the allowance for credit losses made is required.

The table below represents an age analysis of past due but not impaired. The trade and other receivables are considered past due should an instalment not be received within 30 days.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

30.1 Credit risk (continued)

	Carrying amount ZWL$	Expected Credit Loss ZWL$	Trade & other receivables, net of allowance ZWL$	Expected credit loss rate %
2019				
GROUP				
Neither past due nor impaired	3 176 708	(82 677)	3 094 031	2.6%
	-			
Past due but not impaired				
30 - 59 days	540 691	(41 363)	499 328	7.7%
60 - 89 days	264 643	(20 245)	244 398	7.6%
90 - 119 days	130 170	(9 958)	120 212	7.6%
> 120 days	7 008 582	(1 526 508)	5 482 074	21.8%
Total trade receivables	11 120 794	(1 680 751)	9 440 043	15.1%
Other receivables neither past due nor impaired	1 035 420	-	1 035 420	-
Total trade and other receivables (excluding prepayments)	**12 156 215**	**(1 680 751)**	**10 475 464**	**15.1%**
COMPANY				
Neither past due nor impaired	1 275 003	(33 788)	1 241 215	2.7%
Past due but not impaired				
30 - 59 days	181 247	(13 865)	167 382	7.6%
60 - 89 days	105 010	(8 033)	96 977	7.6%
90 - 119 days	43 875	(3 356)	40 519	7.6%
> 120 days	2 320 784	(429 008)	1 891 776	18.5%
Total trade receivables	3 925 919	(488 050)	3 437 869	12.4%
Other receivables neither past due nor impaired	7 721 235	-	7 721 235	-
Total trade and other receivables (excluding prepayments)	**11 647 154**	**(488 050)**	**11 159 104**	**12.4%**

The comparative figures below are stated under IAS 39.

	Carrying amount ZWL$	Expected Credit Loss ZWL$	Trade & other receivables, net of allowance ZWL$	Expected credit loss rate %
2018				
GROUP				
Neither past due nor impaired	3 535 636	-	3 535 636	0.0%
	-			
Past due but not impaired				
30 - 59 days	345 867		345 867	0.0%
60 - 89 days	218 192		218 192	0.0%
90 - 119 days	140 354		140 354	0.0%
> 120 days	5 667 868	(927 998)	4 739 870	9.4%
Total trade receivables	9 907 917	(927 998)	8 979 919	9.4%
Other receivables neither past due nor impaired	348 284	-	348 284	-
Total trade and other receivables (excluding prepayments)	**10 256 201**	**(927 998)**	**9 328 203**	**9.4%**
COMPANY				
Neither past due nor impaired	1 445 837		1 445 837	0.0%
Past due but not impaired				
30 - 59 days	119 343		119 343	0.0%
60 - 89 days	73 484		73 484	0.0%
90 - 119 days	46 264		46 264	0.0%
> 120 days	1 674 952	(198 407)	1 476 545	5.9%
Total trade receivables	3 359 880	(198 407)	3 161 473	5.9%
Other receivables neither past due nor impaired	8 077 924	-	8 077 924	-
Total trade and other receivables (excluding prepayments)	**11 437 804**	**(198 407)**	**11 239 397**	**5.9%**

NOTES TO THE FINANCIAL STATEMENTS
(continued)

30.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The holding company performs the Group's treasury function and hence borrows on behalf of the entire Group. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's short term borrowings which have variable interest rates.

The Group policy is to adopt a non speculative approach to managing interest rates. The Group borrows principally in Zimbabwe Dollars (ZWL$) and Group policy is to keep as much of its borrowings at a low rate of interest as possible.

The Group manages its interest rate risk by borrowing from financial institutions at favourable and fixed interest rates for long term borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings. There is no impact on the Group's equity.

	2019 ZWL$	2018 ZWL$
Effect on profit before tax		
Increase of 3%	(169 297)	(225 998)
Decrease of 3%	169 297	225 998

Interest rate analysis

The Group has interest-bearing instruments with varying maturity profiles. The interest rates of interest-bearing financial instruments at the end of the reporting period are as summarised below:

	2019 %	2018 %
Floating rate		
Balance with bank	0.1	0.2
Interest bearing portion of trade receivables*	5	5
Average Interest on borrowings	17.69	10.94

* At the end of the reporting period 72.7% (2018: 66.4%) of trade receivables were interest-bearing.

30.3 Liquidity risk

The Group's objective in managing liquidity risk is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and debentures.

The Group assessed the concentration of risk with respect to refinancing its debt and considered it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with respective lenders.

The Group's exposure to liquidity risk relates to borrowings and trade and other payables. In terms of the holding Company's Articles of Association, its borrowings shall not, except with the consent of the company in a general meeting, exceed two times the amount of the issued share capital plus the aggregate of two times the amounts standing to the credit of all distributable and non-distributable reserves and any share premium account of the company and its subsidiaries. In a general meeting held on 06 December 2018, the holding Company was authorised to borrow up to a limit of ZWL$12 000 000 until conclusion of the next general meeting.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

The table below summarises the maturity profile of the financial assets and liabilities:

	Within 3 months ZWL$	Between 4 to 12 months ZWL$	1 to 5 years ZWL$	Total ZWL$
2019				
GROUP				
Liabilities				
Interest-bearing borrowings	(4 482 733)	(2 914 055)	-	(7 396 789)
Trade and other payables	(5 372 550)	-	-	(5 372 550)
TOTAL	**(9 855 283)**	**(2 914 055)**	**-**	**(12 769 339)**
Assets				
Cash and cash equivalents	1 128 088	-	-	1 128 088
Trade and other accounts receivable (excluding prepayments)	6 894 307	3 831 897	-	10 726 203
TOTAL	**8 022 394**	**3 831 897**	**-**	**11 854 291**
COMPANY				
Liabilities				
Interest-bearing borrowings	(4 482 733)	(2 914 055)	-	(7 396 788)
Trade and other payables	(2 024 867)	-	-	(2 024 867)
TOTAL	**(6 507 600)**	**(2 914 055)**	**-**	**(9 421 655)**
Assets				
Cash and cash equivalents	683 871	-	-	683 871
Trade and other accounts receivable (excluding prepayments)	6 523 095	4 892 292	-	11 415 387
TOTAL	**7 206 966**	**4 892 292**	**-**	**12 099 258**

	Within 3 months ZWL$	Between 4 to 12 months ZWL$	1 to 5 years ZWL$	Total ZWL$
2018				
GROUP				
Liabilities				
Interest-bearing borrowings	(4 438 784)	(3 416 029)	-	(7 854 813)
Trade and other payables	(4 081 137)	-	-	(4 081 137)
TOTAL	**(8 519 921)**	**(3 416 029)**	**-**	**(11 935 950)**
Assets				
Cash and cash equivalents	456 163	-	-	456 163
Trade and other accounts receivable (excluding prepayments)	6 647 608	5 468 414	-	12 116 021
TOTAL	**7 103 771**	**5 468 414**	**-**	**12 572 184**
COMPANY				
Liabilities				
Interest-bearing borrowings	(4 438 784)	(3 416 028)	-	(7 854 812)
Trade and other payables	(1 573 925)	-	-	(1 573 925)
TOTAL	**(6 012 709)**	**(3 416 028)**	**-**	**(9 428 737)**
Assets				
Cash and cash equivalents	228 432	-	-	228 432
Trade and other accounts receivable (excluding prepayments)	6 916 593	5 291 114	-	12 207 708
TOTAL	**7 145 025**	**5 291 114**	**-**	**12 436 140**

The Group has access to financing facilities of ZWL$1 006 606 (2018: ZWL$793 647) which can be utilised. The amount before limitations of the Company's Articles of Association are breached is ZWL$6 356 756 (2018: ZWL$4 466 731) at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

30.4 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The Group manages its currency risk by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

The following exchange rates applied during the period:

	Average rate		Spot rate	
	2019	**2018**	**07 July 2019**	**08 July 2018**
United States Dollar	4.69	1.00	9.01	1.00
South African Rands	3.03	12.85	1.62	13.57
Great British Pounds	6.07	1.35	11.03	1.32
Botswana Pula	2.27	10.04	1.17	10.34

Whilst the Group trades on a multi-currency basis to 24 June 2019, the dominant trading currency is the Zimbabwe Dollar/RTGS Dollar. The Group's exposure to currency risk results mainly from its South African Rand based imports from South African suppliers, to the extent that they cannot be matched with inflows. Consequently, exchange rate fluctuations may have an impact on future cash flows.

The exchange rates shown in the current period relate to ZWL$ against US$ in the prior period.

The carrying amount of foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Currency	Liabilities	Assets	Net position
2019 GROUP				
July 07 2019	United States Dollar	-	51 220	51 220
July 07 2019	South African Rand	(379 014)	18 346	(360 668)
July 07 2019	British Pound	-	40	40
July 07 2019	Botswana Pula	-	344	344
2019 COMPANY				
July 07 2019	United States Dollar	-	35 270	35 270
July 07 2019	South African Rand	(3 130)	7 906	4 776
July 07 2019	British Pound	-	40	40
July 07 2019	Botswana Pula	-	344	344
2018 GROUP				
July 08 2018	South African Rand	-	15 735	15 735
July 08 2018	British Pound	-	20	20
July 08 2018	Botswana Pula	-	344	344
2018 COMPANY				
July 08 2018	South African Rand	-	13 308	13 308
July 08 2018	British Pound	-	20	20
July 08 2018	Botswana Pula	-	344	344

The following demonstrates the sensitivity of results to a possible change in the Zimbabwe dollar (ZWL$) exchange rate against the United States Dollar, South African Rand, British Pound, Botswana Pula, with all other variables held constant. Impact on equity is not material.

	2019 ZWL$	**2018 ZWL$**
GROUP		
Effect on profit before tax		
Increase of 10%	(67 135)	110
Decrease of 10%	67 135	(110)
COMPANY		
Effect on profit before tax		
Increase of 10%	(31 447)	94
Decrease of 10%	31 447	(94)

NOTES TO THE FINANCIAL STATEMENTS
(continued)

30.6 Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as going concerns while enhancing the return to its stakeholders.

The capital structure of the Group consists of equity (fully attributable to owners of the parent), comprising issued ordinary share capital, non-distributable reserves and retained earnings, less treasury shares. Refer to Notes 17 and 18.

The Group's primary objectives in managing capital are:
- to ensure that the Group maintains healthy capital ratios in order to support its business;
- to ensure that entities within the Group will be able to continue as going concerns and have sufficient capital for their operations;
- to provide flexibility so as to be able to take advantage of opportunities that could improve returns to shareholders and enhance shareholder value.

No changes were made in objectives, policies or processes for managing capital during the periods ended July 07 2019.

	2019 ZWL$	2018 ZWL$
Profit for the period	7 707 291	806 916
Total equity	11 251 655	3 881 442
Total borrowings	5 643 244	7 533 268
Ratios		
Return on equity	68.5%	20.8%
Return on assets	30.2%	5.0%
Gearing	33.4%	66.0%

30.7 INSURANCE COVER

The Group's assets are adequately insured, as premiums are constantly reviewed to bring up sum insured values in line with the realisable values.

31. EVENTS AFTER REPORTING DATE

Subsequent to the reporting date, inflation statistics (based on the Consumer Price Index statistics as published by the Reserve Bank of Zimbabwe) have continued to exhibit an upward trend. As a result, this has triggered considerations over the applicability of IAS 29 – Hyperinflation ("IAS 29") to the financial results of the Group.

IAS 29 considers the following characteristics of the economic environment of a country to be strong indicators of the existence of hyperinflation which includes but are not limited to the following:

(a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
(b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
(c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
(d) interest rates, wages and prices are linked to a price index;
(e) the cumulative inflation rate over three years is approaching, or exceeds 100%

An assessment of the above matters requires the application of judgment by management and conclusive evidence on the quantitative and qualitative characteristics, above, may be difficult to obtain during these subsequent reporting periods.

Management will continue to evaluate these characteristics, including any communication from relevant regulators. Should the conclusion be reached that IAS 29 is applicable to the Group the financial information presented at subsequent reporting dates may be subject to significant restatement. An estimate of the potential financial impact cannot be made at this stage as this is reliant on the determination of an appropriate index at such reporting dates.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

32. SEGMENT INFORMATION

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment, Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the group financial statements. However, some Group assets (comprising intangible assets, motor vehicles and deferred tax assets) and liabilities (comprising deferred and current tax liabilities) are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

Business segments: For management purposes the Group is organised into two operating segments, namely manufacturing and retail. The manufacturing segment sells the majority of its products to the retail segment, which sells goods to the public.

Geographical information: The Group operates principally in one geographical area, namely Zimbabwe. Therefore, no further information about geographical segments is provided.

Major customer information: The Group does not generate at least 10% of its revenue from any single external customer.

Products and services information: The Group's revenue is derived from the sale of clothing.

	Manufacturing		Retail		Eliminations		Consolidated	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Revenue*								
(Revenue from contracts with customers)								
External sales	185 743	187 039	17 653 040	13 458 048	-	-	17 838 783	13 645 087
Inter-segment sales	1 970 030	1 418 036	-	-	(1 970 030)	(1 418 036)	-	-
Total revenue	2 155 773	1 605 075	17 653 040	13 458 048	(1 970 030)	(1 418 036)	17 838 783	13 645 087
Result								
Segment profit / (loss)	161 473	(58 376)	1 719 390	(583 970)	48 000	48 000	1 928 863	(594 346)
Finance income	-	-	2 788 930	2 620 465	-	-	2 788 930	2 620 465
Finance cost	(44)	-	(917 065)	(911 228)			(917 109)	(911 228)
Taxation	(49 246)	4 752	(952 977)	(312 727)	-	-	(1 002 223)	(307 975)
Profit / (loss) for the period	112 183	(53 624)	2 638 278	812 540	48 000	48 000	2 798 461	806 916
Other information								
Segment assets	3 950 007	1 085 630	27 885 460	22 724 191	(7 391 144)	(7 863 523)	24 444 323	15 946 298
Unallocated corporate assets							1 110 654	345 152
	3 950 007	1 085 630	27 885 460	22 724 191	(7 391 144)	(7 863 523)	25 554 977	16 291 450
Segment liabilities	(1 104 879)	(1 065 515)	20 181 628	20 742 820	(7 391 144)	(7 863 523)	11 685 605	11 813 782
Unallocated corporate liabilities							2 617 717	596 227
Consolidated total liabilities	(1 104 879)	(1 065 515)	20 181 628	20 742 820	(7 391 144)	(7 863 523)	14 303 322	12 410 009
Capital expenditure	-	160	71 882	84 311			71 882	84 471
Depreciation and amortisation	117 348	26 229	444 166	366 365			561 514	392 594

* The total segment revenue balance excludes finance income separately disclosed on the segment report.

NOTICE OF MEETING
62ND ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Second Annual General Meeting of Shareholders of Truworths Limited will be held in the Boardroom, Truworths Limited, Prospect Park, Stand 808, Seke Road, Harare on Thursday November 28 2019 at 9.00am to transact the following business:

ORDINARY BUSINESS

1. To approve the minutes of the Annual General Meeting held on December 06 2018.

2. To receive, approve and adopt the financial statements and reports of the Directors and Auditors for the year ended July 07 2019.

3. Directorate

3.1 To note the retirement of Mr C.P.M. Peech as Chairman of the Board of Directors of the Company and Non-Executive Director with effect from the end of the Annual General Meeting on November 28 2019.

3.2 To elect Mr Anthony Bernard Miek, who having been appointed by the Directors on 15 February 2019, and being eligible, has offered himself for election upon retiring at the forthcoming Annual General Meeting in terms of the Articles of Association of the Company.

Mr Anthony B. Miek is the Truworths International Divisional Director in charge of Real Estate and Store Design. He has been with Truworths International since 2005. He is Chairman of Truworths Sustainability Committee. He holds a Postgraduate Diploma in Accounting .

3.3 To elect Mrs Fatima Khalil Khan, who having been appointed by the Directors on 25 September 2019, and being eligible, has offered herself for election upon retiring at the forthcoming Annual General Meeting in terms of the Articles of Association of the Company.

Mrs Fatima K. Khan is a Partner at Laurus Advisory Consultants. She qualified as a Chartered Accountant (Zimbabwe) in 1982 and was admitted into Partnership at Ernst & Young Chartered Accountants in 1988 where she retired in June 2016.

4. To consider, and if deemed fit , to approve the Directors’ remuneration for the past financial year.

5. To consider, and if deemed fit , to approve the Auditors’ remuneration for the past audit.

6. To consider and if deemed fit, to re-appoint Ernst & Young as Auditors for the ensuing year until conclusion of the next Annual General Meeting.

NOTICE OF MEETING
(continued)

ANY OTHER BUSINESS
To transact any other business competent to be dealt with at an Annual General Meeting.

APPOINTMENT OF PROXIES
A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote and speak in his or her stead. The proxy need not be a member of the Company.

If a proxy form is used, it must be lodged at or posted and must be received not later than 48 hours before the meeting to the office of the company's transfer secretaries;

Corpserve (Private) Limited
2nd Floor ZB Centre
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P.O. Box 2208
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By Order of the Board

B M CHIBANDA
SECRETARY

September 25 2019

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