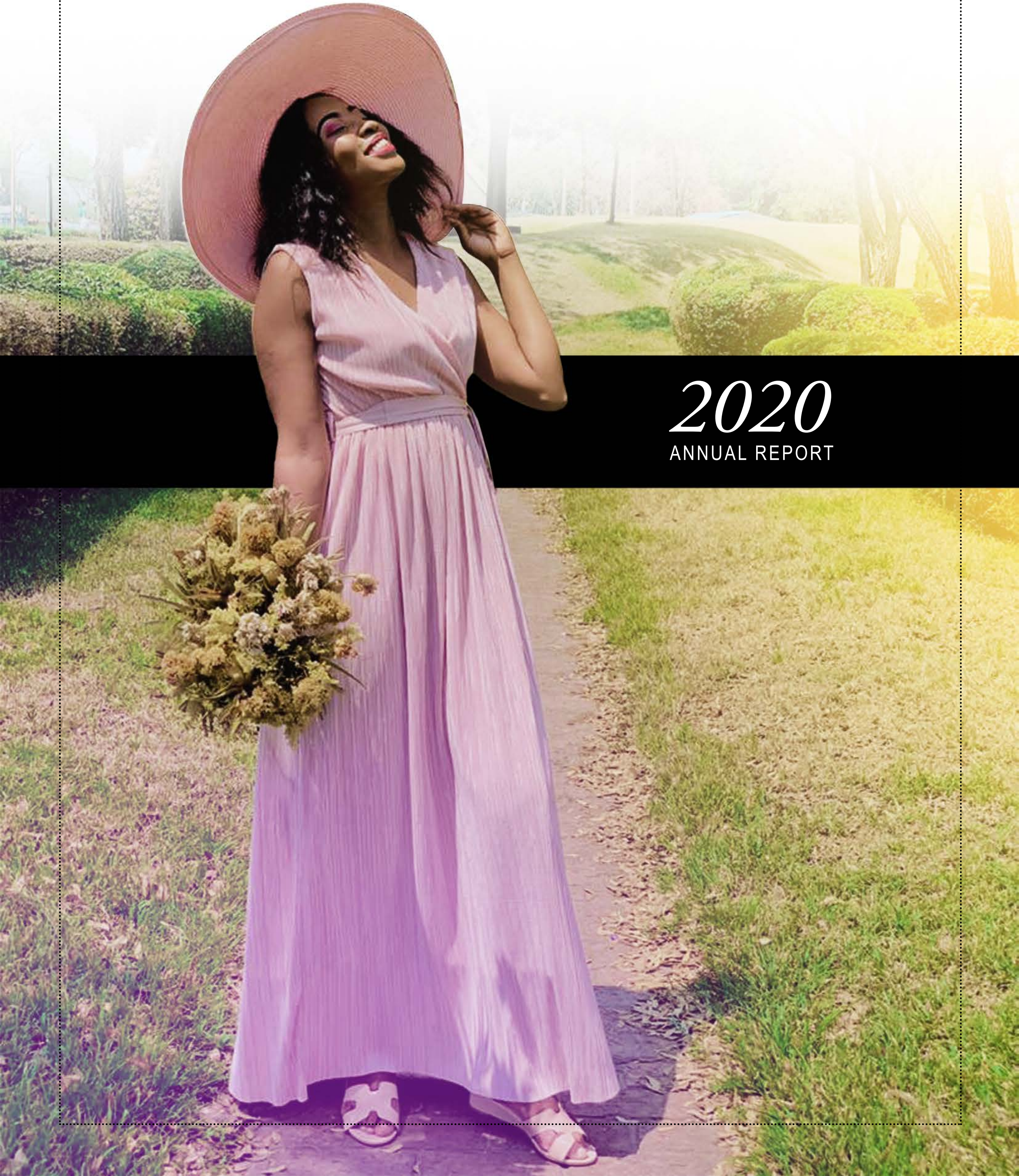
TRUWORTHS

Love What You Wear!



2020 ANNUAL REPORT

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;

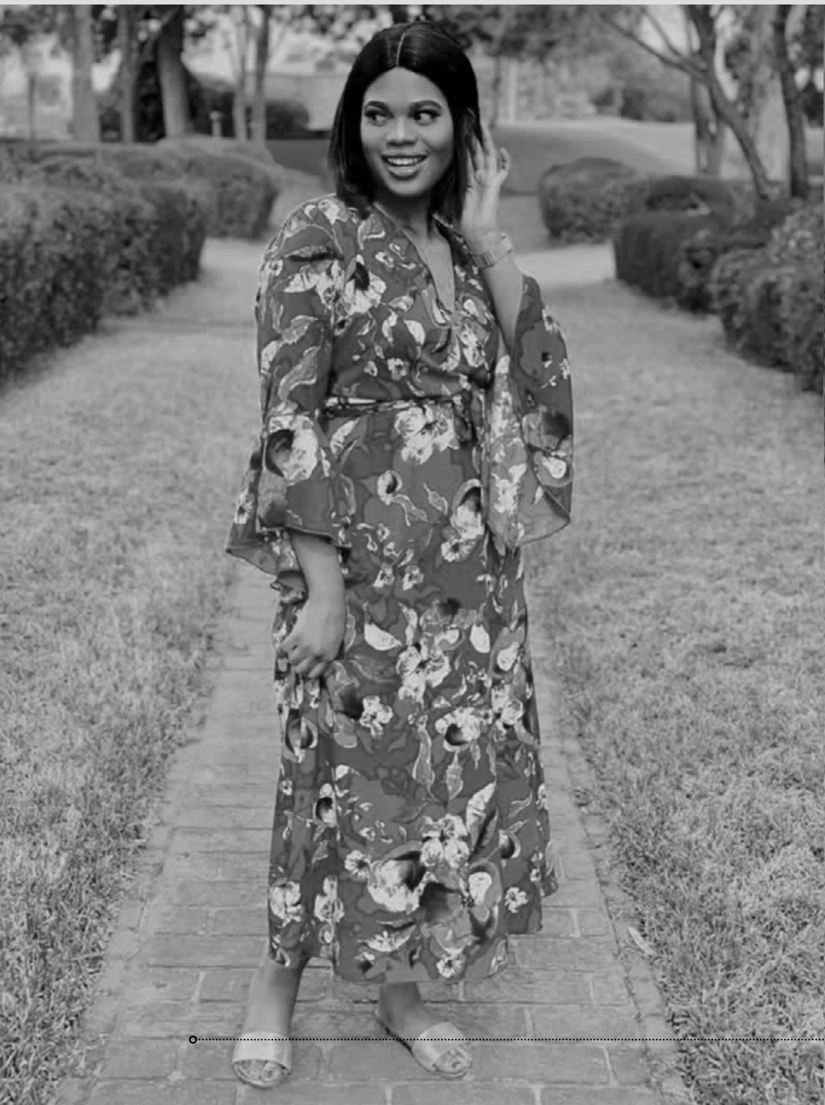
Truworths Ladies operates from 9 stand-alone outlets as well as from 1 other branch which is housed within Truworths Man.

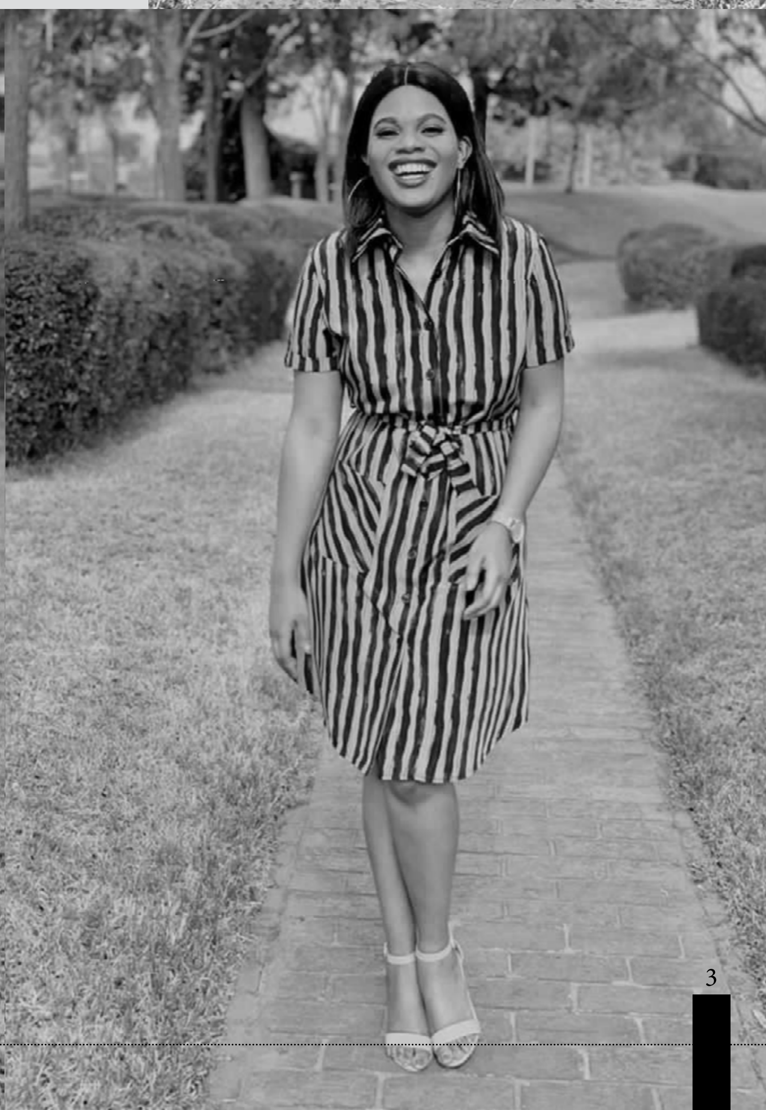
Truworths Man operates from 7 stand-alone outlets and 1 other branch which is housed within Truworths Ladies.

Topics which operates from 26 stores.

Number 1 which operates from 17 outlets.

Bravette, the manufacturing unit of the business is based in Harare and manufactures ladies, men's and children's wear sold through Truworths, Topics as well as Number 1.





CORPORATE INFORMATION

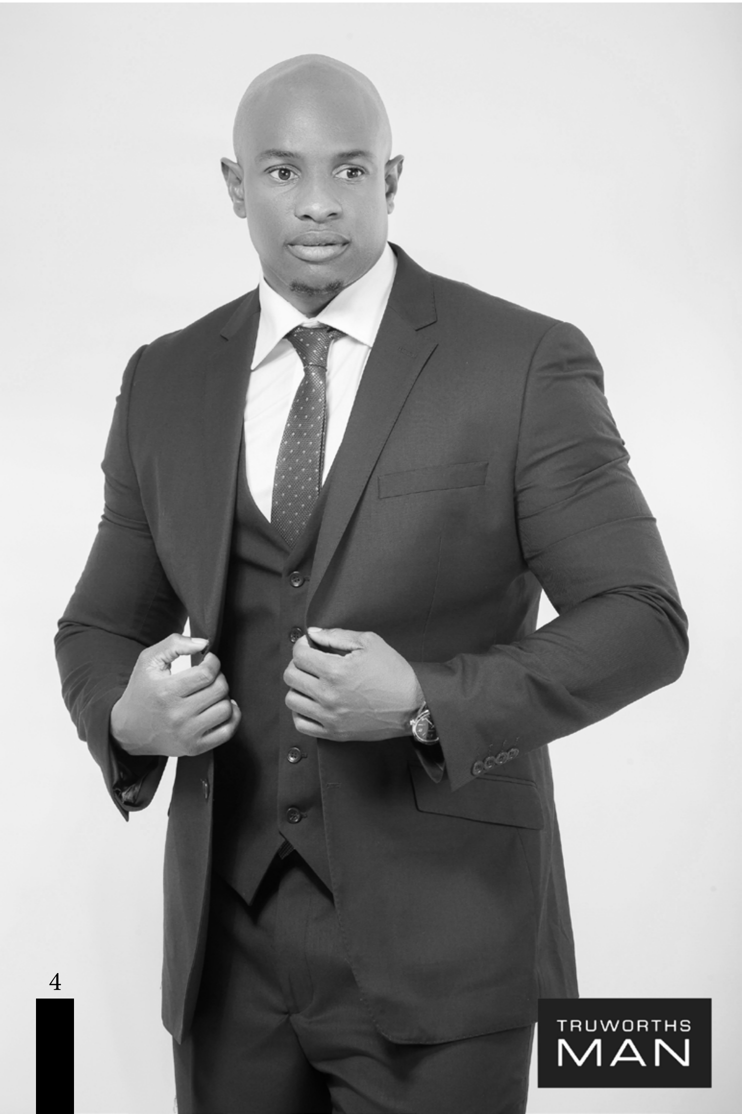
DIRECTORS
M. P. Mahlangu (Chairman)
B. Ndebele (Chief Executive Officer)
F. K. Khan
L. Mabhiza
W. Matsaira
A. B. Miek
S. M. Takaendisa

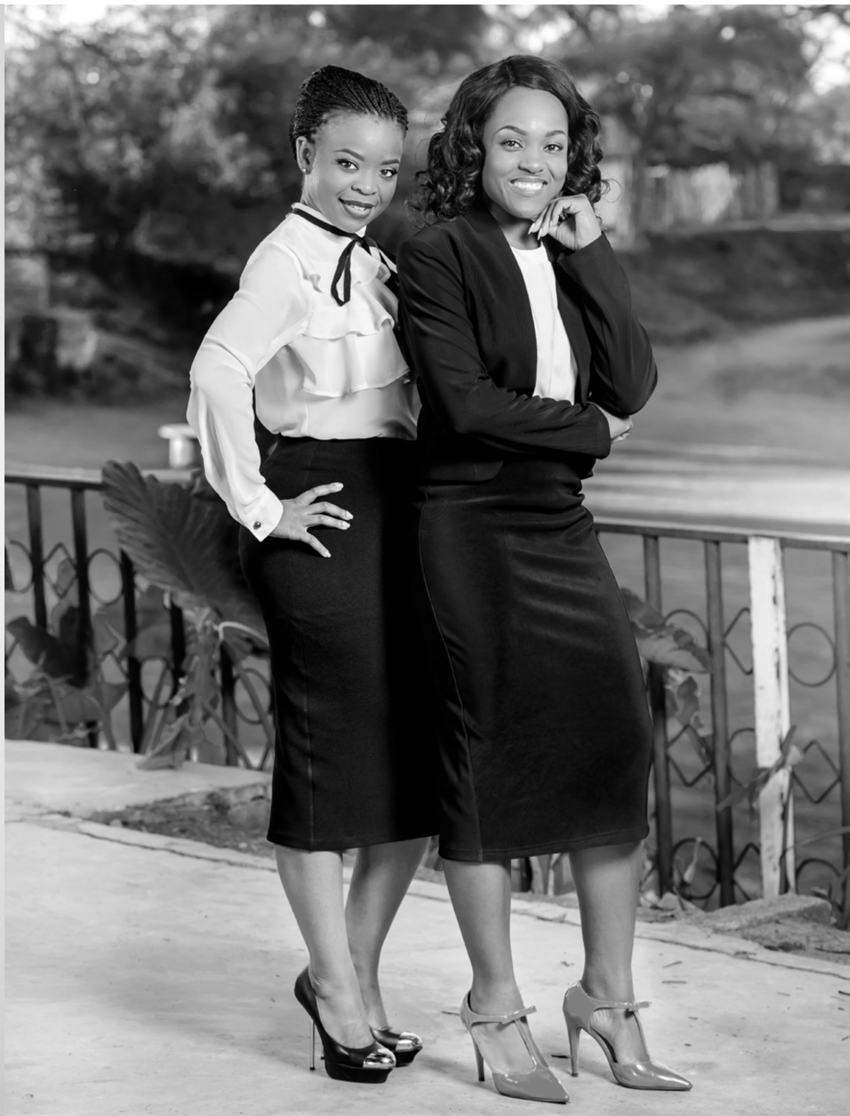
COMPANY SECRETARY
B. M. Chibanda

REGISTERED OFFICE
Stand 808 Seke Road
Prospect Park
P.O. Box 2898
Harare
Tel: (263 242) 576431/462/463/466/475/478
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) 750979 - 81

TRANSFER SECRETARY
Corpserve (Private) Limited
2nd Floor ZB Centre
Cnr Kwame Nkrumah Avenue/ First Street
P. O. Box 2208, Harare
Tel: (263 242) 758193, 750711/2, 751559/61
Fax: (263 242) 752 629
E-mail: corpserve@escrowgroup.org





CHAIRMAN'S STATEMENT

Overview

Zimbabwe entered the COVID-19 lockdown in a fragile economic state on the back of a downturn, characterized by low growth, high levels of unemployment and consumers under financial pressure.

COVID-19 negatively affected the business in the fourth quarter. The operating landscape was significantly altered from the traditional way of doing business.

Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

Having assessed the impact of hyperinflation in the economy, the Public Accountants and Auditors Board (PAAB) advised that the conditions for adopting IAS 29 were satisfied with effect from 1July 2019. IAS 29 requires that inflation adjusted financial statements become the entity's primary financial statements. The financial results have been adjusted for the effects of inflation in compliance with International Accounting Standard 29 – IAS 29 (Financial Reporting in Hyperinflationary Economies). The financial commentary is therefore based on these inflation adjusted financial statements unless stated otherwise. The financial statements prepared under historical cost convention have also been presented as supplementary information.

Financial performance

Volumes for the period declined by 57.5% on a like for like basis.

In historical terms:-

Group merchandise sales for the year to 12 July 2020 increased by 246% to ZWL$61,136,986 over prior year. Operating profit of ZWL$13,975,353 was achieved, a 196% increase over prior year and a profit before tax of ZWL$10,667.826 was achieved being a 181% increase over prior year.

The business has however remained highly cash generative, increasing cash from operations by 71% to ZWL$4,490,790.

During the reporting period, the business was unable to access any foreign supplier credit and had to make upfront payments for all foreign purchases.

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

Dividend

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

Outlook

The short to medium term environment is expected to remain constrained for the following reasons:

(a) Diminished consumer purchasing power due to income growth not matching the devaluation of the Zimbabwe Dollar.
(b) Persistent Zimbabwe Dollar liquidity shortages.
(c) COVID-19 which has resulted in virtual working on some of our customer base leading to a shift in the merchandise assortments.
(d) International supply chain disruptions due to COVID-19.

Since the easing of the Lockdown restrictions, trading has been in line with our expectations in the current environment except for Harare CBD stores.

Acknowledgements

I thank Management and all employees for their hard work and commitment in guiding the Group through the negative trading impact of COVID-19. I also thank my fellow Non-Executive Directors for their wisdom and counsel.

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

M. P. Mahlangu
Chairman

October 29 2020

CHIEF EXECUTIVE OFFICER'S REPORT
FOR THE YEAR-ENDED 12 JULY 2020

REVIEW OF 2020

The Zimbabwean Economy was in a downturn prior to the impact of the Covid19 pandemic from March 2020 to the end of the reporting period. Year on Year inflation at commencement of the financial year in July 2019 was 230.5% and at the time of lockdown in March 2020 was 676.4%. On the official market the exchange rate in July 2019 was ZWL$8.70 to the US dollar and at 30 March 2020 was ZWL$25 to the US dollar. On the widely traded unofficial market, the rate in July 2019 was ZWL$10 to the US dollar and at 30 March 2020 was ZWL$38.50 to the US dollar.

The hyperinflationary conditions had the following negative impact on the business:

(i) Severely eroded disposable incomes of our customer base resulting in reduced unit sales.
(ii) Limited credit terms by local and external suppliers, thereby putting pressure on the business cashflows.
(iii) Increased pressure on our cost base, thereby negatively affecting profitability and cashflow.

COVID-19

Performance was further severely impacted by the COVID-19 lockdown which led to the closure of our stores from 30 March 2020 to 15 May 2020. During the lockdown period there was no sales revenue, however due to virtual working and electronic payments account collections carried on with a collection rate of 87% to target in March 2020 and 70% to target in April 2020.

The business re-opened fully on 15 May 2020 and there was a recovery in sales initially at a slow pace. However, Harare Central Business District had not recovered to expected levels due to the "new normal" of remote working.

PERFORMANCE

Despite the negative impact of COVID-19 and a severely weakened Zimbabwean Economy prior to COVID-19, the results attained showed the resilience of the business. The analysis below is on a historical cost basis.

(i) Units sold on a like for like basis were down 57.5%.
(ii) Cash generated from operating activities improved by 71%. Net borrowings were $797,012 compared to $4,515,156 in the prior period.
(iii) Trade receivables increased by 73% compared to a sales growth of 246%. The granting of credit was curtailed and there was an increase in participation of cash sales.
(iv) Gross margins firmed due to inflationary pricing to protect the business's cash flows. In addition, inventories were tightly managed resulting in no markdowns in the reporting period.
(v) Trading expenses increased by 310% compared to a sales growth of 246%. The business did not receive any rental reductions during the lockdown period. Employees were paid their full salaries during the lockdown period.
(vi) Finance costs increased by 261% as a result of an increase in interest rates.

OUTLOOK

(i) CASH TRADING

As previously advised, the business will continue to focus on increasing cash sales with appropriate incentives for customers to buy on cash until the inflation levels drop to a level where we can run an expansionary and economically viable credit book.

For the limited new credit being granted and existing credit, monthly interest rates are being reviewed upwards in line with the economic environment and trading conditions.

(ii) SUPPLY CHAIN

The initiative to expand the in-house manufacture of merchandise using locally manufactured fabrics has resulted in improved product availability and margins; this initiative is to be sustained.

Development of Regional Supplier bases in particular South Africa to be sustained in light of the disruption of the International Supply Chain due to COVID-19.

(iii) RETAIL SPACE

The business will focus on profitable retail space and rationalise unprofitable space.

APPRECIATION

I would like to thank our Chairman Mordecai Mahlangu and my fellow directors for their guidance and support under very trying circumstances.

To all our employees, I express my gratitude for your dedication to duty, loyalty and support and I urge you to keep the faith.

To our Funders, Suppliers and Landlords thank you for your support.

To our customers thank you for the support and loyalty and we will endeavour to continue to meet and exceed your expectations for quality merchandise.

Bekithemba Ndebele
Chief Executive Officer

October 29 2020

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the Group and Company annual financial statements for the 53 week period ended July 12 2020.

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 11 2021. 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 12 2020.

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 12 2020 was $774,333. The approved capital expenditure for the year to July 11 2021 is $3,000,000.

SHARE CAPITAL

The authorised share capital of the Company remains at $100,000 comprising 1,000,000,000 ordinary shares at $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 Mahlangu and Mr Matsaira retire by rotation in terms of the Articles of Association. Being eligible, they offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS INTERESTS

At July 12 2020, the Directors held, directly and indirectly, 55,828,714 (2019: 55,828,714) shares being 14.53% (2019:14.53%) 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 12 2020 to the date of this report.

DIRECTORS FEES

A resolution will be proposed at the Annual General Meeting to approve Directors' fees amounting to $177,073.

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 Third Annual General Meeting will be held at 0900 hours on Thursday December 10 2020 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

October 29 2020

ANALYSIS OF SHAREHOLDERS
AS AT JULY 12 2020

SHAREHOLDING DISTRIBUTION	Total number of shares	% of issued shares	No of shareholders	% of total shareholders
1-5 000	1,081,163	0.27	755	56.17
5001- 10 000	1,400,625	0.36	194	14.43
10 001- 25 000	2,594,730	0.68	165	12.28
25 001 - 50 000	3,803,677	0.99	111	8.26
50 001- 100 000	3,338,353	0.87	50	3.72
100 001 -200 000	4,287,580	1.12	32	2.38
200 001 - 500 000	4,364,473	1.14	14	1.04
500 001 - 1 000 000	5,369,439	1.40	08	0.60
1 000 001 and above	357,827,472	93.17	15	1.12
	384,067,512	**100.00**	**1,344**	**100.00**
SHAREHOLDING BY TYPE				
New Non Resident	132,906,576	34.61	31	2.31
Insurance Companies	91,556,329	23.84	08	0.60
Local Companies	71,398,149	18.59	112	8.33
Foreign Nominee	60,056,076	15.64	07	0.52
Local Individual Resident	12,769,941	3.32	1,057	78.65
Local Nominee	4,985,436	1.30	48	3.57
Pension Funds	4,953,048	1.29	14	1.04
Foreign Companies	1,844,432	0.48	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	0.74
Other Investments & Trust	343,723	0.09	19	1.41
Deceased Estates	302,421	0.08	17	1.26
Foreign Individual Resident	165,979	0.03	04	0.31
	384,067,512	**100.00**	**1,344**	**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	91,481,564	23.82
3	Leraine Investments (Private) Limited	55,814,914	14.53
4	Stanbic Nominees (Private) Limited	42,337,930	11.02
5	Standard Chartered Nominees 033667800001	17,745,832	1.23
6	Invesci Asset Management (Private) Limited	4,731,511	1.21
7	National Social Security Authority (NSSA NPS)	4,632,532	0.83
8	Truworths Limited	3,187,681	0.48
9	Lalibela Limited	1,844,432	0.39
10	Invesci Nominees (Private) Limited	1,495,407	4.63
	Shares Selected	**355,363,566**	**92.53**
	Remaining Shares	**28,703,946**	**7.47**
	Total Shares Issued	**384,067,512**	**100.00**

SHAREHOLDERS' CALENDAR

Sixty Third Annual General Meeting	December 10 2020
Interim Report to December 2020	March 2021
Financial Year-end	July 11 2021
Annual Report	October 2021

STATEMENT OF CORPORATE GOVERNANCE & 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 and Risk 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 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 and Rick 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	2/2	-	-
B. Ndebele	4/4	2/2	-
F.K. Khan	3/3	2/2	-
L. Mabhiza	4/4	-	-
M.P. Mahlangu	4/4	-	4/4
W. Matsaira	3/4	-	4/4
A.B. Miek	4/4	2/2	4/4
S.M. Takaendisa	4/4	2/2	-

STATEMENT OF CORPORATE GOVERNANCE & RESPONSIBILITY (CONTINUED)

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are required by the Companies and Other Business Entities Act (Chapter 24:31) 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).

Regardless of all practical efforts to comply with IFRS in the compilation of this Annual Report for the period ended 12 July 2020, the Group has not fully complied as a result of inconsistencies in the application of International Accounting Standard (IAS) 8: Accounting policies, changes in accounting estimates and errors and IAS 21: The Effects of Changes in Foreign Exchange Rates and the consequential impact on the inflation adjusted amounts determined in terms of (IAS) 29 (Financial Reporting in Hyperinflationary Economies). In preparing the accompanying Financial Statements, International Financial Reporting Standards have been followed with the exceptions 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.

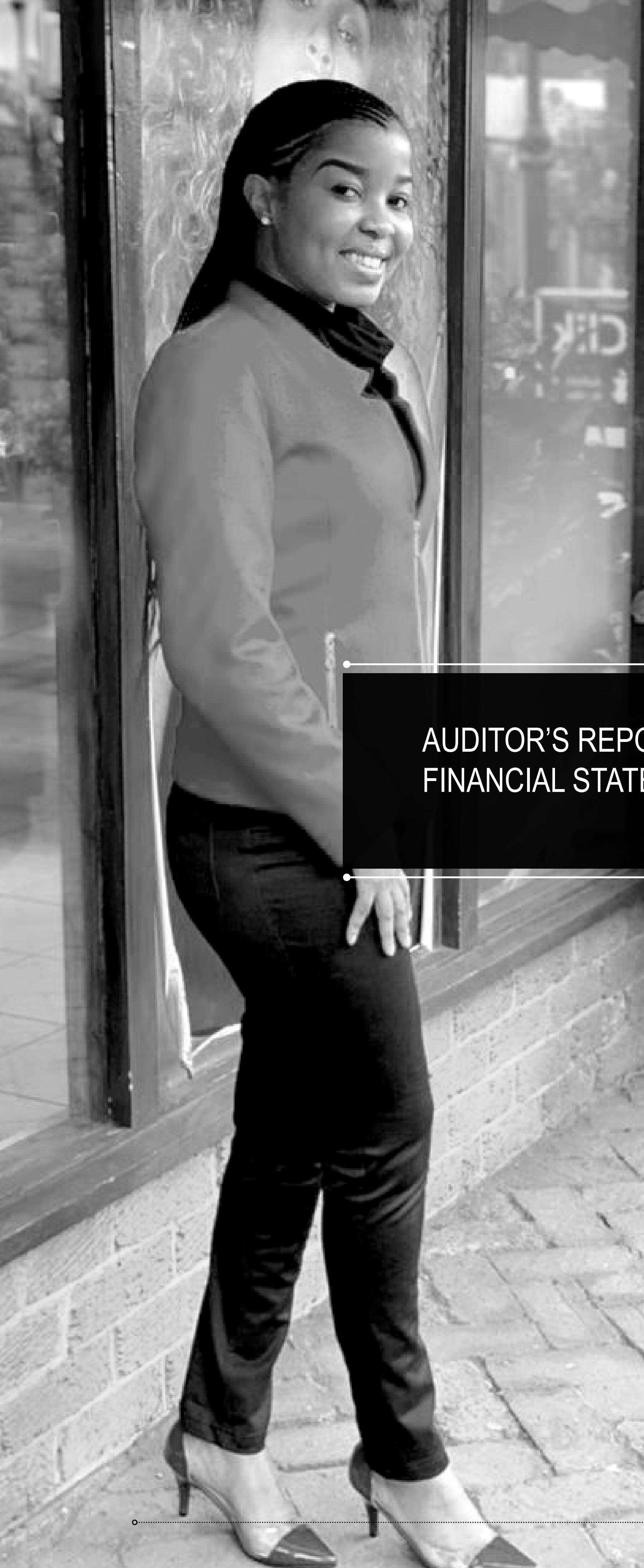
The Group's external auditors, Ernst & Young, have audited the financial statements and have issued an adverse opinion due to the non-compliance with International Financial Reporting Standards (IFRS) as stated above and their report appears on page 12.

The company's Audit and Risk Committee has met with the external auditors to discuss their report on the results of their work which include assessments of the relative strength 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 have been reported to the directors in respect of the year under review.

The financial statements for the year ended July 12 2020, which appear on pages 16 to 60 have been approved by the Board and are signed on its behalf by:

M.P. MAHLANGU	**B. NDEBELE**
CHAIRMAN	**CHIEF EXECUTIVE OFFICER**

October 29 2020



AUDITOR’S REPORT & FINANCIAL STATEMENTS

EY
Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 75070 or 773842
E-mail: admin@zw.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Truworths Limited

Report on the Audit of the Consolidated and Company Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the consolidated and company inflation adjusted financial statements of Truworths Limited (the Group), as set out on pages 16 to 60, which comprise the Group and Company inflation adjusted statements of financial position as at 12 July 2020, and the Group and Company inflation adjusted statements of profit or loss and other comprehensive income, Group and Company inflation adjusted statements of changes in equity and Group and Company inflation adjusted statements of cash flows for the year then ended, and notes to the consolidated and company inflation adjusted 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 inflation adjusted financial statements do not present fairly the financial positions of the Group and Company as at 12 July 2020, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for adverse opinion

Non-compliance with IFRSs: International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates in the prior period and inappropriate application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors

As explained in Note 2 on the consolidated and company inflation adjusted financial statements, the Group and Company applied the United States Dollar (US$) as the functional and reporting currency for the period 9 July 2018 to 22 February 2019 and the Real Time Gross Settlement Dollar (RTGS$) or Zimbabwe Dollar (ZWL) for the period 23 February to 7 July 2019, in order to comply with Statutory Instrument 33 (SI33) of 2019, issued on 22 February 2019. In addition, to comply with SI33, the Group and Company changed their functional and reporting currency with effect from 23 February 2019, we however, believe that the change in currency occurred from 1 October 2018.

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 local Foreign Currency Accounts (FCAs) (RTGS$) from the FCA Nostro US$ Accounts effective 1 October 2018. Although the exchange rate between US$ and RTGS$ was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between the two currencies.

In February 2019, a Monetary Policy Statement was issued introducing the RTGS$ and the interbank foreign exchange market. This Monetary Policy statement was followed by, Statutory Instrument 142 of 2019 which specified that for all domestic transactions, ZWL (which comprises RTGS$, Bond Notes and Bond Coins) was the sole legal tender effective 24 June 2019.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The events in the preceding paragraphs, triggered a requirement for the Group and Company to assess whether there was a change in functional and reporting currency from US$ to RTGS$. We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supported a change in functional currency from US$ to RTGS$ prior to 22 February 2019 and that transactions in the market indicated different exchange rates between the two currencies despite the legal 1:1 RTGS$: US$ exchange rate and this applied from 1 October 2018. The Group and Company chose to comply with the requirements of the law by adopting the date of change in functional and reporting currency as of 22 February 2019. This therefore impacted the basis for measuring transactions that occurred between 1 October 2018 and 22 February 2019. Consequently, our audit report for the year ended 7 July 2019 was modified as the effects were considered material and pervasive. On the 23rd of February 2019, the Group and Company translated some of the applicable foreign denominated non-monetary and monetary assets and liabilities at that date to ZWL at an exchange rate of 1:2.5 between US$ and ZWL with the net translation gain on property, plant and equipment being recognised directly in equity as a non distributable reserve. Foreign currency denominated transactions and balances between the 23rd of February 2019 and the 7th of July 2019 were translated to ZWL based on the official interbank exchange rate. As at 7 July 2019, all monetary balances were translated at a closing rate which was based on the official inter- bank rate.

There has been no restatement of the opening balances to resolve the matters which resulted in the adverse audit report in the prior period in accordance with *IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors. Consequently:*

- All corresponding numbers remain misstated on the consolidated and company inflation adjusted Statement of Profit or Loss and Other Comprehensive Income, consolidated and company inflation adjusted Statement of Financial Position, the consolidated and company inflation adjusted Statement of Changes in Equity, and the consolidated and company inflation adjusted Statement of Cash Flows; this also impacts comparability of the current year's figures.

- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the consolidated and company inflation adjusted Statement of Cash Flows, the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity.

In addition to the impacts on the corresponding numbers, current year performance and cash flows the matter continues to impact the balances on the inflation adjusted consolidated and company Statement of Financial Position as some of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the consolidated and company inflation adjusted Statement of Financial Position, the specific accounts and the portions affected by this matter have not been identified / quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Exchange rates used (Non-compliance with IAS 21) - Arising from local ZWL functional currency for Group and Company
As outlined in Note 2 to the consolidated and company inflation adjusted financial statements, for the year ended 12 July 2020, the Group and Company translated foreign denominated transactions and balances using exchange rates determined from the interbank market and the foreign currency auction system. The interbank exchange rates used to translate foreign denominated transactions and balances to the functional currency, ZWL, from 8 July 2019 to 22 June 2020 and the foreign exchange auction rates used from 23 June 2020 to 12 July 2020 did not meet the IAS 21 definition of a spot rate as these rates were not accessible.

Had exchange rates contemplated by IAS 21 been available on the market, virtually all balances and amounts would have been affected in a material manner except for Equity, Intangible Assets, Investment in subsidiaries, Property, plant and equipment, short term borrowings and tax payable.

As a consequential impact, the application of IAS 29 is inappropriate. It is noted that the application of IAS 29 was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, most elements of the consolidated and company inflation adjusted financial statements would have been materially different.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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 and company inflation adjusted Financial Statements section of our report. We are independent of the Group and Company 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 Chairman's Statement, Chief Executive Officer's Business Report, Directors' Report, Analysis of Shareholders as at July 12, 2020 and Statement of Corporate Governance and Responsibility but does not include the consolidated and company inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated and Company inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company inflation adjusted 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 and company inflation adjusted 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 and Company did not comply with the requirements of IAS 21, IAS 8 and the consequential impact on IAS 21. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the other information affected by the failure to comply with the referred standards.

Responsibilities of the Directors for the Consolidated and Company Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and company inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Company Inflation Adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company inflation adjusted 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 and company inflation adjusted 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 and company inflation adjusted 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.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

- 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 and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company inflation adjusted 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 or company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and company inflation adjusted financial statements, including the disclosures, and whether the consolidated and company inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group or company to express an opinion on the consolidated and company inflation adjusted financial statements. We are responsible for the direction, supervision and performance of the group and company 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 and company inflation adjusted 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 matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and company inflation adjusted 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 and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this independent auditor's report is Mrs Constance Chakona (PAAB Number 431).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe) Registered Public Auditors
Harare

4 November 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JULY 12 2020

		INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
		GROUP		GROUP		COMPANY		COMPANY	
		AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
		for the period ended July 12 2020	for the period ended July 07 2019	for the period ended July 12 2020	for the period ended July 07 2019	for the period ended July 12 2020	for the period ended July 07 2019	for the period ended July 12 2020	for the period ended July 07 2019
	Note	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Revenue	4	**165 345 285**	**177 776 391**	**69 643 416**	**21 233 343**	**63 026 694**	**95 494 664**	**25 618 162**	**11 405 738**
Revenue from Contracts with Customers		**146 148 484**	**147 800 267**	**61 136 986**	**17 653 040**	**56 218 546**	**57 750 582**	**23 102 288**	**6 897 642**
Cost of sales		(52 112 126)	(52 426 701)	(12 570 794)	(6 261 766)	(18 303 016)	(19 096 073)	(4 396 318)	(2 280 806)
Gross profit		**94 036 358**	**95 373 566**	**48 566 192**	**11 391 274**	**37 915 530**	**38 654 509**	**18 705 970**	**4 616 836**
Management fees	4	-	-	-	-	149 798	25 054 462	48 000	2 992 467
Other operating income	4.1	2 932 315	7 476 487	875 746	892 980	3 010 562	6 573 200	1 156 581	785 093
Trading expenses	5	**(101 102 960)**	**(88 454 442)**	**(43 310 677)**	**(10 564 865)**	**(31 697 747)**	**(53 108 077)**	**(13 207 804)**	**(6 343 148)**
Depreciation and amortisation	5.1	(3 510 767)	(3 718 783)	(409 561)	(444 166)	(1 630 227)	(2 008 741)	(186 539)	(239 921)
Employment costs	5.2	(22 437 903)	(37 104 953)	(9 410 088)	(4 431 759)	(12 456 315)	(26 092 706)	(5 250 426)	(3 116 473)
Occupancy costs	5.3	(20 595 207)	(19 346 561)	(9 151 279)	(2 310 724)	(8 453 932)	(7 267 172)	(3 603 426)	(867 980)
Trade receivable costs	5.4	(1 928 771)	(3 429 746)	(1 262 687)	(409 644)	(571 817)	(1 442 607)	(297 984)	(172 303)
Other operating costs	5.5	(52 630 312)	(24 854 399)	(23 077 062)	(2 968 572)	(8 585 456)	(16 296 851)	(3 869 429)	(1 946 471)
Retail trading (loss) / profit		**(4 134 287)**	**14 395 611**	**6 131 261**	**1 719 389**	**9 378 143**	**17 174 094**	**6 702 747**	**2 051 248**
Manufacturing profit	6	9 091 622	1 753 823	3 083 179	209 474	-	-	-	-
Trading profit		**4 957 335**	**16 149 434**	**9 214 440**	**1 928 863**	**9 378 143**	**17 174 094**	**6 702 747**	**2 051 248**
Finance income	7	12 779 422	23 350 346	4 760 913	2 788 930	4 653 385	7 982 419	1 699 364	953 408
Operating profit		**17 736 757**	**39 499 780**	**13 975 353**	**4 717 793**	**14 031 528**	**25 156 513**	**8 402 111**	**3 004 656**
Finance cost	7	(8 340 135)	(7 678 507)	(3 307 527)	(917 109)	(8 022 177)	(7 453 845)	(3 180 053)	(890 276)
Monetary loss		(931 720)		-	-	(28 268 841)	-	-	-
Profit / (loss) before tax		**8 464 902**	**31 821 273**	**10 667 826**	**3 800 684**	**(22 259 490)**	**17 702 668**	**5 222 058**	**2 114 380**
Tax credit/(expense)	8.1	890 695	(8 391 121)	(3 298 694)	(1 002 223)	1 376 567	(4 686 613)	(1 380 742)	(559 762)
Profit / (loss) for the period	**9**	**9 355 597**	**23 430 152**	**7 369 132**	**2 798 461**	**(20 882 923)**	**13 016 055**	**3 841 316**	**1 554 618**
Other comprehensive income									
Other comprehensive income not to be reclassified to profit and loss:									
Change in functional currency		-	41 099 232	-	4 908 830	-	14 280 883	-	1 705 687
Total comprehensive income / (loss) for the period		**9 355 597**	**64 529 384**	**7 369 132**	**7 707 291**	**(20 882 923)**	**27 296 938**	**3 841 316**	**3 260 305**
Basic and diluted earnings per share	10	2,46	6,15	1,93	0,73	(5,48)	3,42	1,01	0,41
Basic and diluted headline earnings per share	10	2,46	6,15	1,93	0,73	(5,48)	3,42	1,01	0,41
Key ratios									
Gross margin	%	64.3	64.5	79.4	64.5	67.4	66.9	81.0	66.9
Trading expenses to retail merchandise sales	%	69.2	59.8	70.8	59.8	56.4	92.0	57.2	92.0
Trading margin	%	3.4	10.9	15.1	10.9	16.7	29.7	29.0	29.7
Operating margin	%	12.1	26.7	22.9	26.7	25.0	43.6	36.4	43.6

STATEMENTS OF FINANCIAL POSITION
AS AT JULY 12 2020

		INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
		GROUP		GROUP		COMPANY		COMPANY	
		AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
		at July 12	at July 07	at July 12	at July 07	at July 12	at July 07	at July 12	at July 07
		2020	2019	2020	2019	2020	2019	2020	2019
	Note	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
ASSETS									
Non current assets		**62 406 586**	**64 787 756**	**8 056 936**	**7 738 151**	**21 418 465**	**22 143 306**	**2 857 406**	**2 644 763**
Investment in subsidiaries	11	-	-	-	-	67 131	67 131	8 018	8 018
Property, plant and equipment	12	60 306 338	62 443 562	7 804 947	7 458 164	19 326 696	19 817 071	2 606 545	2 366 921
Intangible assets	13	2 100 248	2 344 194	251 989	279 987	2 024 638	2 259 104	242 843	269 824
Current assets		**94 702 930**	**149 171 572**	**50 045 562**	**17 816 826**	**44 146 566**	**117 517 993**	**29 262 281**	**14 036 171**
Inventories	14	63 843 009	45 344 357	20 345 004	5 415 861	22 183 922	14 805 722	7 583 564	1 768 373
Trade and other receivables	15	25 852 426	94 382 287	24 693 063	11 272 877	19 051 192	96 986 555	18 767 265	11 583 927
Cash and cash equivalents	16	5 007 495	9 444 928	5 007 495	1 128 088	2 911 452	5 725 716	2 911 452	683 871
Total assets		**157 109 516**	**213 959 328**	**58 102 498**	**25 554 977**	**65 565 031**	**139 661 299**	**32 119 687**	**16 680 934**
EQUITY AND LIABILITIES									
Equity		**103 560 199**	**94 204 602**	**18 620 787**	**11 251 655**	**39 879 797**	**60 762 720**	**11 098 723**	**7 257 407**
Share capital	17.2	321 563	321 563	38 407	38 407	321 563	321 563	38 407	38 407
Treasury shares	17.5	(2 654)	(2 654)	(317)	(317)	(2 654)	(2 654)	(317)	(317)
Non-distributable reserves	18	13 305 049	13 305 049	6 765 441	6 765 441	6 776 333	6 776 333	2 490 162	2 490 162
Retained earnings		89 936 241	80 580 644	11 817 256	4 448 124	32 784 555	53 667 478	8 570 471	4 729 155
Non current liabilities		**17 179 553**	**20 294 313**	**3 498 561**	**2 423 922**	**5 743 402**	**8 322 883**	**1 171 900**	**994 072**
Deferred tax	19	17 179 553	20 294 313	3 498 561	2 423 922	5 743 402	8 322 883	1 171 900	994 072
Current liabilities		**36 369 764**	**99 460 413**	**35 983 150**	**11 879 400**	**19 941 832**	**70 575 696**	**19 849 064**	**8 429 455**
Short-term borrowings	20	5 804 507	47 248 122	5 804 507	5 643 244	5 804 507	47 248 122	5 804 507	5 643 244
Trade and other payables	21	26 903 890	44 981 734	26 517 276	5 372 550	12 265 319	16 953 211	12 172 551	2 024 867
Provisions	22	1 540 767	5 607 994	1 540 767	669 810	772 420	4 751 231	772 420	567 480
Current tax	23.3	2 120 600	1 622 563	2 120 600	193 796	1 099 586	1 623 132	1 099 586	193 864
Total liabilities		**53 549 317**	**119 754 726**	**39 481 711**	**14 303 322**	**25 685 234**	**78 898 579**	**21 020 964**	**9 423 527**
Total equity and liabilities		**157 109 516**	**213 959 328**	**58 102 498**	**25 554 977**	**65 565 031**	**139 661 299**	**32 119 687**	**16 680 934**
Number of shares in issue									
(net of treasury shares)		**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**
Net asset value per share (cents)		**27.19**	**24.73**	**4.89**	**2.95**	**10.47**	**15.95**	**2.91**	**1.91**

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JULY 12 2020

	Note	Share capital ZWL$	Treasury shares ZWL$	Non- distributable reserve ZWL$	Retained earnings ZWL$	Total ZWL$
INFLATION ADJUSTED						
GROUP						
Balance at July 09 2018 (RE-STATED)		**321 563**	**(2 654)**	**15 544 495**	**11 572 377**	**27 435 781**
Profit for the period	9	-	-	-	23 430 152	23 430 152
Change in functional currency reserve		-	-	41 099 232	2 239 437	43 338 669
Impact of IAS 29		-	-	(43 338 678)	43 338 678	-
Balance at July 07 2019 (RE-STATED)		**321 563**	**(2 654)**	**13 305 049**	**80 580 644**	**94 204 602**
Profit for the period	9	-	-	-	9 355 597	9 355 597
Balance at July 12 2020 (AUDITED)		**321 563**	**(2 654)**	**13 305 049**	**89 936 241**	**103 560 199**
COMPANY						
Balance at July 09 2018 (RE-STATED)		**321 563**	**(2 654)**	**6 568 025**	**26 787 157**	**33 674 091**
Profit for the period	9	-	-	-	13 016 055	13 016 055
Change in functional currency		-	-	14 280 883	(208 309)	14 072 574
Impact of IAS 29		-	-	(14 072 575)	14 072 575	-
Balance at July 07 2019 (RE-STATED)		**321 563**	**(2 654)**	**6 776 333**	**53 667 478**	**60 762 720**
Loss for the period	9	-	-	-	(20 882 923)	(20 882 923)
Balance at July 12 2020 (AUDITED)		**321 563**	**(2 654)**	**6 776 333**	**32 784 555**	**39 879 797**
HISTORICAL COST						
GROUP						
Balance at July 09 2018 (AUDITED)		**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 (AUDITED)		**38 407**	**(317)**	**6 765 441**	**4 448 124**	**11 251 655**
Profit for the period	9	-	-	-	7 369 132	7 369 132
Balance at July 12 2020 (UNAUDITED)		**38 407**	**(317)**	**6 765 441**	**11 817 256**	**18 620 787**
COMPANY						
Balance at July 09 2018 (AUDITED)		**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		-	-	1 705 687	(24 880)	1 680 807
Balance at July 07 2019 (AUDITED)		**38 407**	**(317)**	**2 490 162**	**4 729 155**	**7 257 407**
Profit for the period	9	-	-	-	3 841 316	3 841 316
Balance at July 12 2020 (UNAUDITED)		**38 407**	**(317)**	**2 490 162**	**8 570 471**	**11 098 723**

STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED JULY 12 2020

		INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
		GROUP		GROUP		COMPANY		COMPANY	
		AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	Note	2020	2019	2020	2019	2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES									
Cash generated from trading	**23.1**	**11 951 840**	**30 673 596**	**13 058 357**	**3 663 607**	**13 178 613**	**24 820 373**	**7 770 470**	**2 964 508**
Working capital movements	23.2	23 812 010	(20 967 915)	(9 723 761)	(2 504 376)	31 463 042	(2 055 844)	(3 524 110)	(245 547)
Cash generated from operations		**35 763 850**	**9 705 681**	**3 334 596**	**1 159 231**	**44 641 655**	**22 764 529**	**4 246 360**	**2 718 961**
Net interest received / (paid)		4 439 286	15 671 839	1 453 386	1 871 821	(3 368 792)	528 574	(1 480 689)	63 132
Interest paid		(8 340 135)	(7 678 507)	(3 307 527)	(917 109)	(8 022 177)	(7 453 845)	(3 180 053)	(890 276)
Interest received		12 779 422	23 350 346	4 760 913	2 788 930	4 653 385	7 982 419	1 699 364	953 408
Tax paid	23.3	(1 726 015)	(3 325 585)	(297 192)	(397 203)	(1 726 460)	(3 325 578)	(297 192)	(397 202)
Net cash generated from operating activities		**38 477 122**	**22 051 935**	**4 490 790**	**2 633 849**	**39 546 403**	**19 967 525**	**2 468 479**	**2 384 891**
CASH FLOWS (UTILISED IN) / GENERATED FROM INVESTING ACTIVITIES									
Net cash utilised in investing activities		**(1 470 940)**	**(601 833)**	**(772 646)**	**(71 882)**	**(917 052)**	**(329 974)**	**(402 161)**	**(39 412)**
Acquisition of property, plant and equipment	12	(1 473 950)	(601 833)	(774 333)	(71 882)	(920 062)	(329 974)	(403 849)	(39 412)
Proceeds on disposal of property, plant and equipment		3 010	-	1 689	-	3 010	-	1 688	-
CASH FLOWS UTILISED IN FINANCING ACTIVITIES									
Net cash flows utilised in financing activities		**(41 443 615)**	**(15 824 397)**	**161 263**	**(1 890 042)**	**(41 443 615)**	**(15 824 397)**	**161 263**	**(1 890 042)**
Receipts from short-term borrowings	20	6 456 620	-	2 300 000	-	6 456 620	-	2 300 000	-
Repayment of short-term borrowings	20	(47 900 235)	(15 824 397)	(2 138 737)	(1 890 042)	(47 900 235)	(15 824 397)	(2 138 737)	(1 890 042)
Net (decrease) / increase in cash and cash equivalents		**(4 437 433)**	**5 625 705**	**3 879 407**	**671 925**	**(2 814 264)**	**3 813 154**	**2 227 581**	**455 437**
Cash and cash equivalents July 07 2019		**9 444 928**	**3 819 223**	**1 128 088**	**456 163**	**5 725 716**	**1 912 562**	**683 871**	**228 434**
Cash and cash equivalents July 12 2020	**23.4**	**5 007 495**	**9 444 928**	**5 007 495**	**1 128 088**	**2 911 452**	**5 725 716**	**2 911 452**	**683 871**

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 annual financial statements of the Group for the period ended July 12 2020 were authorised for issue in accordance with a resolution of the directors on October 29 2020.

`

2. BASIS OF PREPARATION OF FINANCIAL RESULTS

Currency

On 22 February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 as an amendment to the Reserve Bank of Zimbabwe Act. It introduced a new currency called the Real Time Gross Settlement Dollar (now ZWL$) and also directed that all assets and liabilities that were in United States Dollars (US$) immediately before 22 February 2019 (with the exception of those referred to in Section 44C (2) of the Reserve Bank Act) be deemed to have been in ZWL$ at a rate of 1:1 to the US$. The guidance issued by the Public Accountants and Auditors Board (PAAB) notes that this is contrary to IAS21 "The effects of changes in Foreign Exchange Rates". IAS 21 requires an entity to apply certain parameters to determine the functional currency for use in preparing financial statements. It also requires the exercise of judgements regarding exchange rates in circumstances where exchangeability through a legal and market exchange system is not achievable. The Group however adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February at an interbank midrate of US$1:ZWL $2.5 in order to comply with Statutory Instrument 33. The interbank midrate was adopted as it was the only legal source of exchange rates which however did not conform to the requirements of IAS 21.

Subsequently, on 24 June 2019 Statutory Instrument 142 introduced the Zimbabwean Dollar (ZWL$) which is at par with the RTGS dollar, that is to say each RTGS dollar is equivalent to a Zimbabwean Dollar. The financial statements have therefore been presented in the Zimbabwean Dollar (ZWL$) and all values have been rounded to the nearest ZWL$ unless otherwise stated. The Group has been using the Interbank Exchange Rates to translate foreign transactions and balances to Zimbabwe Dollars and Auction Rates from 24 June 2020 to 12 July 2020.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC). Compliance with IFRS is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. Resultantly the Group has not complied with (IAS) 8 (Accounting Policies, Changes in Accounting Estimates and Errors) in the current year and the consequential impact of the incorrect basis used on the application of (IAS) 29 (Financial Reporting in Hyperinflationary Economies). This has resulted in the accounting treatment adopted in the 2020 financial statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

Statement of Compliance

Because of the items detailed in the above currency paragraph, the financial statements have not been prepared in conformity with the International Financial Reporting Standards (IFRS) specifically International Accounting Standard 21 (IAS) 21, (IAS) 8 and (IAS) 29, promulgated by the International Accounting Standards Board (IASB).

As such the Group has not complied with the Companies And Other Business Entities Act (Chapter 24:31) as it requires the financial statements to be prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the Public Accountants and Auditor's Board (PAAB).

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied unless otherwise stated.

2.1 IAS 29- FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

In October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 01 July 2019. These financial statements have been prepared in accordance with IAS 29.

The Group adopted the Zimbabwe Consumer Price Index (CPI) as the general price index to restate transactions and balances.

Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have been restated as the presented at the measuring unit current at the end of the reporting period.

Items recognised in the Statement of Profit or Loss and Other Comprehensive Income have been restated by applying the change in general price index from the dates when initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

A net monetary adjustment was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 12 July 2020.

Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 8 July 2019 (backstop date) to the end of the reporting period. All items in the statement of cashflows are expressed based on the restated financial information for the period.

The factors used during the year are as follows;

	Indices	Conversion factor
CPI on 30 June 2020	1 445.21	1.000
CPI on 30 June 2019	172.61	8.373
Average CPI - 12 months to 30 June 2020	3.12	
Average CPI - 12 months to 30 June 2019	16.48	

The procedures applied in the above restatement of transactions and balances are as follows:

Revenue, operating expenses and exchange gains or losses
The historic line items were segregated into monthly totals and then the applicable monthly conversion factor was applied.

Other income
Other income was segregated into the respective month in which it was accrued and then the applicable monthly conversion factor was applied.

Income Tax Expense
Income tax was segregated into the respective quarters and the applicable quarterly conversion factor was applied.

Property, Plant and Equipment
Property, plant and equipment were restated at the 8 July 2019 conversion rate. Movements of additions and disposals were recalculated based on the date of the transactions.

Investment in Subsidiaries
Investment in subsidiaries represents 100% local investments the balance of which has been restated from the prior year using the conversion factor applicable as at 8 July 2019.

Deferred Tax Liability
The closing balance was calculated based on the inflation adjusted balances of applicable assets and liabilities and the historic tax bases.

Inventory
Inventories were inflation adjusted based on the applicable adjustment factor. The balance was aged from year end to approximate date of acquisition.

Trade receivables
The amounts are a monetary asset and hence were not inflation adjusted as at 12 July 2020. Comparatives were restated at the adjustment factor as at 8 July 2019.

Other receivables (excluding prepayments)
The amounts are a monetary asset and hence were not inflation adjusted as at 12 July 2020. Comparatives were restated at the adjustment factor as at 8 July 2019.

Prepayments
The amounts are a non monetary asset and the balance was inflation adjusted using the applicable adjustment factor on the date of payment. The resulting differences were accounted for as part of monetary gain in profit or loss.

Cash and bank
The amounts are a monetary asset and hence were not inflation adjusted as at 12 July 2020. Comparatives were restated at the adjustment factor as at 08 July 2019.

Trade payables
The amounts are a monetary liability and hence were not inflation adjusted as at 12 July 2020. Comparatives were restated at the adjustment factor as at 8 July 2019.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

Other payables

The amounts are a monetary liability and hence were not inflation adjusted as at 12 July 2020. Comparatives were restated at the adjustment factor as at 8 July 2019.

Provisions

Non-monetary provisions were hyper-inflated using the applicable monthly adjustment factors. The resulting differences were accounted for as part of the net – monetary gain in profit or loss. Monetary provisions were not inflation adjusted as at 12 July 2020.

Loans and Borrowings

The amounts constitute a monetary liability and thus were not inflation adjusted as at 12 July 2020. Comparatives were restated at the adjustment factor as at 8 July 2019.

Other reserves

The opening balance was restated using the adjustment factor as at 8 July 2019. Movements from that date were recalculated using the adjustment factor at the date of the related movement. The opening reserves was eliminated against retained earnings.

Issued Capital

The opening balance was restated using the adjustment factor as at 8 July 2019. Movements from that date were recalculated using the adjustment factor at the date of the related movement.

Statement of Cash flow

The amounts were segregated into the respective months in which the cash flows actually occurred and the applicable monthly factor used to hyper-inflate the amount. Gain or losses on cash flows were included in non-cash items.

Net monetary gain or loss

Gains and losses arising from net monetary position are included in the SOPL and in the SOCF as non-cash items.

IAS 29 discourages publication of historical financial statements as a supplement to inflation adjusted accounts. However, historical financial statements have been included for publication to allow comparability during the transitional phase in applying the standard.

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 12 2020.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)
• 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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.

The accounting policies below apply to both Group and company.

3.2 Use of estimates and judgments in the preparation of 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 Group 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 Group. 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 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 and market risk return. 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 realizable 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 Group'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. The Group has factored in the effect of the Covid-19 induced lockdown and forecasts of its impact on the economy in general and on Truworths in particular in determining the loss rates which were used in the provision matrices.

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 19 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 the Group primarily generates and expends cash.

The Group has been operating in an economic environment that operated a multi-currency framework since February 2009.

February 22, 2019 saw the floating of the exchange rate from the previous 1:1 fixed rate to 1:2.5 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.

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 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 capitalized 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 recognized in profit or loss.

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 capitalized 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 recognized 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%

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 recognized at cost. Purchased software and the direct costs associated with the customization and installation thereof is capitalized. Expenditure on software developed internally is capitalized if it meets the criteria for capitalizing 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 capitalized 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 the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is de-recognised. The amortization period, amortization 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 recognized 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 realizable 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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.

3.8.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following category:

- Financial assets at amortised cost (debt instruments) this category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, cash and cash equivalents and loans to related parties. Further disclosures relating to impairment of financial assets are also provided under Trade receivables, Note 15.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.
The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's (consolidated) statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- 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.

3.8.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (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 and other comprehensive income.

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 derecognition 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 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. 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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 recognized 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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.

3.12 IFRS 16 Leases

FRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The adoption of this standard has limited impact on the Group's consolidated financial statements as the existing lease contracts (as a lessee) are short term (periods of less than 12 months) and the contractual provisions within the lease agreements allow either party (the lessor or lessee) to terminate the contracts at 3 months notice. The Group has a history of terminating some lease agreements at such notice when the Group decides that continuing the lease would be uneconomical, with not more than insignificant costs incurred to terminate the lease and relocate to another retail site.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 (within the scope of IFRS 15)

Accounting policy
Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of merchandise
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 180 days after delivery.

The Group considers whether there are other undertakings in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

In the application of IFRS 15, the Group considers 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.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

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).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

Other revenue streams which are not within the scope of IFRS 15

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.

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 wen the customer signs the insurance contract.

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.

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.

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 Retail trading profit

Retail trading profit consists of the surplus of income over expenditure from retail operations only.

3.18 Manufacturing profit

Manufacturing profit consists of the surplus of income over expenditure from manufacturing operations only.

3.19 Trading profit

Trading profit is the total profit from both retail and manufacturing operations.

3.20 Standards and interpretations in issue but not yet effective

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards, if applicable, when they become effective. The Group expects that adoption of these standards, amendments and interpretations in most cases will not have any significant impact on the Group's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact the Group is still assessing the possible impact.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

IAS 1 and IAS 8: Amendments to Definition of Material

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

IFRS 3 Business Combinations

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 had no impact on the consolidated financial statements of the Group.

The Conceptual Framework for Financial Reporting

The purpose of the Conceptual Framework (which is not a standard) is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The guidelines set in the updated definitions and recognition criteria for assets and liabilities were applied in reporting the Group's consolidated financial statements.

New and amended standards and interpretations

The accounting policies adopted in the preparation of the audited financial statements are consistent with those followed in the prior year except for the new standards that have become effective in the current year as noted below:

IFRS 16 - Leases

The standard became effective in the current year and its impact on the Group and company financial statements is shown on note 3.2.

IAS 29 - Financial Reporting in Hyperinflationary Economies

The standard was applied in the current year as covered in note 2.1.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
4. REVENUE*								
Revenue from Contracts with Customers	150 446 247	149 355 402	64 076 909	17 838 783	56 218 546	57 750 582	23 102 288	6 897 642
- retail merchandise sales	146 148 484	147 800 267	61 136 986	17 653 040	56 218 546	57 750 582	23 102 288	6 897 642
- factory sales to third parties	4 297 763	1 555 135	2 939 923	185 743	-	-	-	-
Finance Income	12 779 422	23 350 346	4 760 913	2 788 930	4 653 385	7 982 419	1 699 364	953 408
- accounts receivable	12 764 600	23 279 423	4 746 947	2 780 459	4 638 869	7 912 265	1 685 481	945 029
- other	14 822	70 923	13 966	8 471	14 516	70 154	13 883	8 379
Service fee	1 930 416	4 509 702	742 563	538 632	1 930 416	4 509 702	742 563	538 632
Commissions	189 200	560 941	63 031	66 998	74 549	197 499	25 947	23 589
Management fees from subsidiaries	-	-	-	-	149 798	25 054 462	48 000	2 992 467
Total revenue	**165 345 285**	**177 776 391**	**69 643 416**	**21 233 343**	**63 026 694**	**95 494 664**	**25 618 162**	**11 405 738**
* All revenue is recognised at a point in time and is all earned in Zimbabwe.								
4.1 Other operating income	**2 932 315**	**7 476 487**	**875 746**	**892 980**	**3 010 562**	**6 573 200**	**1 156 581**	**785 093**
Service fee	1 930 416	4 509 702	742 563	538 632	1 930 416	4 509 706	742 563	538 632
Profit / (loss) on disposal of property, plant and equipment	17 754	-	(4 668)	-	17 754	-	(4 668)	-
Unrealised foreign exchange differences	559 967	2 122 616	(15 508)	253 522	850 950	1 681 217	342 507	200 802
Commissions	189 200	560 941	63 031	66 998	74 549	197 497	25 947	23 589
Insurance recoveries	39 876	107 804	33 660	12 876	39 876	107 802	33 660	12 876
Other income	195 102	175 424	56 668	20 952	97 017	76 978	16 572	9 194
5. TRADING EXPENSES								
Trading profit / (loss) is stated after taking account of the following items:								
5.1 Depreciation and amortisation								
- Depreciation retail charge	3 266 830	3 382 024	381 563	403 944	1 395 761	1 677 474	159 554	200 355
- Amortisation retail charge	243 937	336 759	27 998	40 222	234 466	331 267	26 985	39 566
	3 510 767	**3 718 783**	**409 561**	**444 166**	**1 630 227**	**2 008 741**	**186 539**	**239 921**
5.2 Employment costs								
Retail chains employed 287 (2019: 316) 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	18 952 696	33 732 519	7 920 412	4 028 961	9 940 877	23 745 135	4 136 283	2 836 083
- Contributions to defined contribution plans (refer to note 26.1 and note 26.3)	1 429 571	2 134 885	605 126	254 987	941 753	1 411 382	394 749	168 573
- Medical aid contributions	2 055 636	1 237 549	884 550	147 811	1 573 685	936 189	719 394	111 817
Total	**22 437 903**	**37 104 953**	**9 410 088**	**4 431 759**	**12 456 315**	**26 092 706**	**5 250 426**	**3 116 473**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
5.3 Occupancy costs								
Land and buildings								
- short-term lease payments*	13 292 336	13 735 007	5 996 498	1 640 488	5 732 473	4 727 549	2 506 449	564 651
- turnover clause payments	-	70 684	-	8 442	-	70 684	-	8 442
Total lease expenses	13 292 336	13 805 691	5 996 498	1 648 930	5 732 473	4 798 233	2 506 449	573 093
Other occupancy costs**	7 302 871	5 540 870	3 154 781	661 794	2 721 459	2 468 939	1 096 977	294 887
Total	**20 595 207**	**19 346 561**	**9 151 279**	**2 310 724**	**8 453 932**	**7 267 172**	**3 603 426**	**867 980**
*We applied the short term lease exemption to all lease contracts in the current year (IFRS 16) (2019 - IAS 17). IAS 17 required that operating lease commitments payable be disclosed, where as IFRS 16 does not require this disclosure. The lease commitments for 2019 were as follows:								
Operating lease commitments payable within one year		9 171 533		1 095 434		5 020 760		599 672
Operating lease commitments payable after one year but not more than five years		17 207 368		2 055 222		13 521 513		1 614 989
Operating lease commitments payable after five years		-		-		-		-
		26 378 901		**3 150 656**		**18 542 273**		**2 214 661**
**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	1 171 883	4 922 082	883 817	587 886	588 315	2 150 513	300 249	256 854
Collection and other receivable costs	756 888	(1 492 336)	378 870	(178 242)	(16 498)	(707 906)	(2 265)	(84 551)
Total	**1 928 771**	**3 429 746**	**1 262 687**	**409 644**	**571 817**	**1 442 607**	**297 984**	**172 303**
5.5 Other operating costs								
- Advertising and marketing	2 025 324	2 265 836	721 720	270 628	1 096 162	1 298 250	319 433	155 061
- Audit fees	4 363 305	758 516	2 278 020	90 596	1 944 294	368 692	1 033 600	44 036
- Management, technical, consulting and secretarial fees	30 675 061	2 530 703	14 407 931	302 263	(386 096)	1 463 892	(241 102)	174 845
- Transport and travel costs	6 673 609	6 398 197	2 799 384	764 191	4 792 117	5 343 696	2 195 430	638 243
- Other operating costs*	8 893 013	12 901 147	2 870 007	1 540 894	1 138 979	7 822 321	562 068	934 286
Total	**52 630 312**	**24 854 399**	**23 077 062**	**2 968 572**	**8 585 456**	**16 296 851**	**3 869 429**	**1 946 471**

* other operating costs mainly comprise telephone, printing, stationery and insurance expenses.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
6. MANUFACTURING PROFIT								
Gross profit	17 446 367	8 046 628	7 599 878	961 077				
Manufacturing profit is stated after taking account of the following items:	(8 354 745)	(6 292 805)	(4 516 698)	(751 603)				
- depreciation	(312 482)	(982 500)	(34 614)	(117 348)				
- employment costs - short-term benefits	(4 289 763)	(3 151 075)	(2 042 474)	(376 360)				
- administration costs	(3 655 953)	(2 159 230)	(3 075 069)	(257 895)				
- profit on disposal of property, plant and equipment	17 187	-	6 706	-				
- foreign exchange movements	(113 734)	-	628 752	-				
	9 091 622	**1 753 823**	**3 083 179**	**209 474**				
7. NET FINANCE INCOME								
Interest receivable								
- accounts receivable	12 764 600	23 279 423	4 746 947	2 780 459	4 638 869	7 912 265	1 685 481	945 029
- other	14 822	70 923	13 966	8 471	14 516	70 154	13 883	8 379
Finance income	**12 779 422**	**23 350 346**	**4 760 913**	**2 788 930**	**4 653 385**	**7 982 419**	**1 699 364**	**953 408**
Finance cost								
Interest payable on borrowings	(8 340 135)	(7 678 507)	(3 307 527)	(917 109)	(8 022 177)	(7 453 845)	(3 180 053)	(890 276)
Net finance income / (cost)	**4 439 287**	**15 671 839**	**1 453 386**	**1 871 821**	**(3 368 792)**	**528 574**	**(1 480 689)**	**63 132**
8. TAX								
8.1 Taxation charge								
Income tax:								
Current - Standard	(2 159 217)	(3 531 718)	(2 159 217)	(421 823)	(1 167 875)	(3 531 717)	(1 167 875)	(421 823)
- AIDS levy	(64 777)	(105 954)	(64 777)	(12 655)	(35 036)	(105 954)	(35 036)	(12 655)
- Withholding tax	(60)	2	(60)	-	(3)	-	(3)	-
Deferred tax	3 114 749	(4 753 451)	(1 074 640)	(567 745)	2 579 481	(1 048 942)	(177 828)	(125 284)
	890 695	**(8 391 121)**	**(3 298 694)**	**(1 002 223)**	**1 376 567**	**(4 686 613)**	**(1 380 742)**	**(559 762)**
8.2 Reconciliation of tax charge:								
Profit / (loss) before tax for the period:	8 464 902	31 821 273	10 667 826	3 800 684	(22 259 490)	17 702 668	5 222 058	2 114 380
Tax calculated at 24.72% (2019: 25.75%) (inclusive of AIDS levy)	(2 746 965)	(8 193 975)	(2 746 965)	(978 676)	(1 344 680)	(4 558 439)	(1 344 680)	(544 453)
Effect of change in tax rate	109 878	-	109 878	-	53 787	-	53 787	-
Effect of interest income taxed at other rates	(21)	(33)	(12)	(4)	-	-	-	-
Effect of expenses which are not tax deductible	3 527 803	(197 113)	(661 595)	(23 543)	2 667 460	(128 174)	(89 849)	(15 309)
	890 695	**(8 391 121)**	**(3 298 694)**	**(1 002 223)**	**1 376 567**	**(4 686 613)**	**(1 380 742)**	**(559 762)**
	%	%	%	%	%	%	%	%
Standard rate	(24.72)	(25.75)	(24.72)	(25.75)	(24.72)	(25.75)	(24.72)	(25.75)
Adjusted for:								
Effect of expenses which are not tax deductible*	35.2	(0.62)	(6.20)	(0.62)	18.54	(0.72)	(1.72)	(0.72)
Effect of interest income taxed at other rates	-	-	-	-	-	-	-	-
Effective rate	**10.52**	**(26.37)**	**(30.92)**	**(26.37)**	**(6.18)**	**(26.47)**	**(26.44)**	**(26.47)**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 19 for further details.

**None tax deductible expenses relate to disallowed donations and subscriptions.*

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
9. PROFIT / (LOSS) FOR THE PERIOD								
Holding company	(20 882 922)	13 016 064	3 841 316	1 554 618	(20 882 923)	13 016 055	3 841 316	1 554 618
Subsidiary companies:-								
- Topic Stores (Private) Limited (incorporating Number 1 Stores)	23 351 868	9 474 835	1 277 993	1 131 660	-	-	-	-
- Bravette Manufacturing Company (Private) Limited	6 886 651	939 253	2 249 823	112 183	-	-	-	-
	9 355 597	**23 430 152**	**7 369 132**	**2 798 461**	**(20 882 923)**	**13 016 055**	**3 841 316**	**1 554 618**
10. EARNINGS PER SHARE								
Basic earnings per share is calculated by dividing net profit / (loss) 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 material dilutive instruments.								
Basic and diluted headline earnings are determined as follows:								
Profit / (loss) for the period, fully attributable to owners of the parent	9 355 597	23 430 152	7 369 132	2 798 461	(20 882 923)	13 016 055	3 841 316	1 554 618
Adjusted for:								
Profit / (loss) on disposal of property, plant and equipment (note 4.1 and note 6)	(567)	-	11 374	-	(17 754)	-	4 668	-
Basic and diluted headline earnings	**9 355 030**	**23 430 152**	**7 380 506**	**2 798 461**	**(20 900 677)**	**13 016 055**	**3 845 984**	**1 554 618**
Weighted average number of ordinary shares in issue (note 17.2)	380 901 152	380 901 152	380 901 152	380 901 152	380 901 152	380 901 152	380 901 152	380 901 152
Basic earnings per share (cents)	2.46	6.15	1.93	0.73	(5.48)	3.42	1.01	0.41
Diluted earnings per share (cents)	2.46	6.15	1.93	0.73	(5.48)	3.42	1.01	0.41
Headline earnings per share (cents)	2.46	6.15	1.93	0.73	(5.48)	3.42	1.01	0.41

There have been no other transactions involving ordinary shares between reporting date and date of completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
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)								
Ordinary shares of $0.50 each	-	-	-	-	66 981	66 981	8 000	8 000
Bravette Manufacturing Company (Private) Limited (100% wholly-owned)								
2 Ordinary shares of $2.00 each	-	-	-	-	33	33	4	4
Major Merchandising (Private) Limited (Dormant) (100% wholly-owned)								
2 Ordinary shares of $2.00 each	-	-	-	-	33	33	4	4
Effective Debt Collection Company (Private) Limited (Dormant) (100% wholly-owned)								
2 Ordinary shares of $1.00 each	-	-	-	-	17	17	2	2
Top Centre (Private) Limited (Dormant) (100% wholly owned)								
2 Ordinary shares of $1.00 each	-	-	-	-	17	17	2	2
Truworths Management Services (Private) Limited (Dormant) (100% wholly owned)								
2 Ordinary shares of $1.00 each	-	-	-	-	17	17	2	2
Number 1 Stores (1987) (Private) Limited (Dormant) (100% wholly owned)								
2 Ordinary shares of $2.00 each	-	-	-	-	33	33	4	4
	-	**-**	**-**	**-**	**67 131**	**67 131**	**8 018**	**8 018**
12. PROPERTY, PLANT AND EQUIPMENT								
Leasehold improvements								
At cost	37 404 895	12 185 151	4 467 584	1 455 376	9 583 160	2 919 041	1 144 598	348 646
Additions	81 874	-	36 594	-	-	-	-	-
Change in functional currency	-	25 219 744	-	3 012 208	-	6 664 119	-	795 952
Accumulated depreciation	(24 591 494)	(23 256 442)	(2 925 364)	(2 777 714)	(6 142 495)	(5 853 222)	(736 001)	(699 100)
Net Carrying Amount	**12 895 275**	**14 148 453**	**1 578 814**	**1 689 870**	**3 440 665**	**3 729 938**	**408 597**	**445 498**
Motor vehicles								
At cost	23 572 078	7 531 032	2 815 413	899 495	23 572 078	7 531 032	2 741 245	899 495
Change in functional currency	-	16 041 046	-	1 915 918	-	16 041 046	-	1 915 918
Accumulated depreciation	(16 617 307)	(16 617 307)	(1 984 746)	(1 984 746)	(16 617 307)	(16 617 307)	(1 910 578)	(1 984 746)
Net Carrying Amount	**6 954 771**	**6 954 771**	**830 667**	**830 667**	**6 954 771**	**6 954 771**	**830 667**	**830 667**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)								
Furniture and fittings and equipment								
At cost	71 122 235	20 814 120	8 494 731	2 486 006	33 959 050	10 599 564	4 056 018	1 265 996
Additions	1 392 076	601 833	737 739	71 882	920 062	329 974	403 849	39 412
Disposals	(31 862)	-	(11 375)	-	(14 675)	-	(4 669)	-
Change in functional currency	-	49 706 282	-	5 936 843	-	23 029 512	-	2 750 610
Accumulated depreciation	(49 006 073)	(46 939 552)	(5 855 279)	(5 606 389)	(25 933 178)	(24 826 688)	(3 087 917)	(2 965 262)
Net Carrying Amount	**23 476 376**	**24 182 683**	**3 365 816**	**2 888 342**	**8 931 259**	**9 132 362**	**1 367 281**	**1 090 756**
Plant and machinery								
At cost	23 347 770	2 821 647	2 788 623	337 014	-	-	-	-
Change in functional currency	-	20 526 123	-	2 451 609	-	-	-	-
Accumulated depreciation	(6 367 854)	(6 190 115)	(758 973)	(739 338)	-	-	-	-
Net Carrying Amount	**16 979 916**	**17 157 655**	**2 029 650**	**2 049 285**	**-**	**-**	**-**	**-**
Total Property, Plant and Equipment								
At cost	155 446 976	43 351 950	18 566 351	5 177 891	67 114 288	21 049 637	7 941 861	2 514 137
Additions	1 473 950	601 833	774 333	71 882	920 062	329 974	403 849	39 412
Disposals	(31 862)	-	(11 375)	-	(14 675)	-	(4 669)	-
Change in functional currency	-	111 493 192	-	13 316 578	-	45 734 677	-	5 462 480
Accumulated depreciation	(96 582 726)	(93 003 413)	(11 524 362)	(11 108 187)	(48 692 980)	(47 297 217)	(5 734 496)	(5 649 108)
Net carrying amount	**60 306 338**	**62 443 562**	**7 804 947**	**7 458 164**	**19 326 695**	**19 817 071**	**2 606 545**	**2 366 921**
Movements for the year								
Balance at the beginning of the period, net of depreciation	**62 443 562**	**9 162 770**	**7 458 164**	**1 094 388**	**19 817 071**	**3 487 165**	**2 366 921**	**416 502**
Additions at cost	**1 473 950**	**601 833**	**774 333**	**71 882**	**920 062**	**329 974**	**403 849**	**39 412**
Leasehold premises	81 874	-	36 594	-	-	-	-	-
Furniture and fittings and equipment	1 392 076	601 833	737 739	71 882	920 062	329 974	403 849	39 412
Disposals	**(31 862)**	**-**	**(11 375)**	**-**	**(14 675)**	**-**	**(4 669)**	**-**
Furniture and fittings and equipment at cost	(47 302)	-	(17 068)	-	(23 119)	-	(7 892)	-
Accumulated depreciation on;								
- furniture and fittings and equipment	15 440	-	5 693	-	8 444	-	3 223	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)								
Change in functional currency	**-**	**57 042 176**	**-**	**6 813 031**	**-**	**17 677 424**	**-**	**2 111 364**
Leasehold improvements at cost	-	25 219 744	-	3 012 208	-	6 664 119	-	795 952
Motor vehicles at cost	-	16 041 044	-	1 915 918	-	16 041 046	-	1 915 918
Furniture and fittings and equipment	-	49 706 282	-	5 936 843	-	23 029 512	-	2 750 610
Plant and machinery	-	20 526 123	-	2 451 609	-	-	-	-
Accumulated depreciation on;								
- leasehold improvements	-	(13 661 142)	-	(1 631 666)	-	(3 434 763)	-	(410 243)
- motor vehicles	-	(10 044 911)	-	(1 199 749)	-	(10 044 910)	-	(1 199 749)
- furniture and fittings and equipment	-	(27 385 871)	-	(3 270 927)	-	(14 577 580)	-	(1 741 124)
- plant and machinery	-	(3 359 093)	-	(401 205)	-		-	-
Depreciation	**(3 579 311)**	**(4 363 217)**	**(416 175)**	**(521 136)**	**(1 395 762)**	**(1 677 492)**	**(159 556)**	**(200 357)**
Leasehold improvements	(1 335 054)	(1 073 222)	(147 650)	(128 184)	(289 272)	(278 721)	(36 901)	(33 290)
Motor vehicles	-	(575 300)	-	(68 713)	-	(575 303)	-	(68 713)
Furniture and fittings and equipment	(2 066 519)	(2 090 566)	(248 890)	(249 694)	(1 106 490)	(823 468)	(122 655)	(98 354)
Plant and machinery	(177 738)	(624 129)	(19 635)	(74 545)			-	-
Net carrying amount at the end of the period	**60 306 338**	**62 443 562**	**7 804 947**	**7 458 164**	**19 326 696**	**19 817 071**	**2 606 545**	**2 366 921**
13. INTANGIBLE ASSETS								
Computer software								
Cost	10 607 076	4 371 439	1 266 892	522 118	10 466 308	4 313 199	1 250 080	515 162
Additions	-	-	-	-	-	-	-	-
Change in functional currency	-	6 235 637	-	744 775	-	6 153 109	-	734 918
Accumulated amortisation	(8 506 828)	(8 262 882)	(1 014 903)	(986 906)	(8 441 670)	(8 207 204)	(1 007 237)	(980 256)
Net Carrying Amount	**2 100 248**	**2 344 194**	**251 989**	**279 987**	**2 024 638**	**2 259 104**	**242 843**	**269 824**
Movements in the net carrying amount for the year								
Balance at the beginning of the period, net of amortisation	**2 344 194**	**1 355 844**	**279 987**	**161 940**	**2 259 104**	**1 314 819**	**269 824**	**157 040**
Amortisation for the year	(243 946)	(338 065)	(27 998)	(40 378)	(234 466)	(331 250)	(26 981)	(39 564)
Change in functional currency	**-**	**1 326 415**	**-**	**158 425**	**-**	**1 275 535**	**-**	**152 348**
Computer software - at cost	-	6 235 637	-	744 775	-	6 153 109	-	734 918
Computer software - accumulated amortisation	-	(4 909 222)	-	(586 350)	-	(4 877 574)	-	(582 570)
Net carrying amount at the end of the period	**2 100 248**	**2 344 194**	**251 989**	**279 987**	**2 024 638**	**2 259 104**	**242 843**	**269 824**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
14. INVENTORIES								
Finished goods	58 228 343	40 075 559	18 440 791	4 786 564	22 183 922	14 805 722	7 583 564	1 768 373
Raw materials	5 352 417	4 953 705	1 641 964	591 663	-	-	-	-
Work in progress	262 249	315 093	262 249	37 634	-	-	-	-
Total	**63 843 009**	**45 344 357**	**20 345 004**	**5 415 861**	**22 183 922**	**14 805 722**	**7 583 564**	**1 768 373**
The amount of inventories expensed as a result of shrinkage and markdowns during the period which is included in cost of sales amounted to:-	2 248 812	1 336 527	1 000 344	159 633	841 495	500 517	403 025	59 781
Cost of inventory expensed due to sales which is included in cost of sales amounted to:-.	49 863 314	51 090 174	11 570 450	6 102 133	17 461 521	18 595 556	3 993 293	2 221 025
There were no reversals of any write downs that is recognised as an expense for the period.								
15. TRADE AND OTHER RECEIVABLES								
Trade receivables	16 339 859	79 036 887	16 339 859	9 440 046	5 384 883	28 783 599	5 384 883	3 437 869
Prepayments	3 578 517	6 676 331	2 419 154	797 411	1 689 436	3 556 829	1 405 509	424 822
Other receivables	5 934 050	8 669 069	5 934 050	1 035 420	5 864 173	7 698 384	5 864 173	919 484
Group companies								
- Topic Stores (Private) Limited (incorporating Number 1 Stores)	-	-	-	-	6 112 700	44 436 187	6 112 700	5 307 391
- Bravette Manufacturing Company (Private) Limited	-	-	-	-	-	12 511 556	-	1 494 361
	25 852 426	**94 382 287**	**24 693 063**	**11 272 877**	**19 051 192**	**96 986 555**	**18 767 265**	**11 583 927**

15.1 Trade receivables

The Group's trade receivables have payment terms of 180 to 360 days (2019: 180 to 360 days). The average debtors' days at the end of the reporting period was 187 days (2019: 350 days). Refer to note 28.1 for additional credit risk disclosures. Also, refer to note 20 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 2020 was 5% (2019: 5%). Refer to note 25 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, where by 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 $12,319,011 (historical) (2019: $11,852,608 historical) and are not included in the above trade receivables balance. Balance of $5,167,115 (historical) (2019: $646,778 historical) is due from the Financial Institution for funds collected and is included in other receivables.

The amount that best represents the Group's maximum exposure to loss from its continuing involvement in the derecognised financial assets in the current year amounts to $2,528,104 (historical) (2019: $1,680,751 historical). 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 Group's continuing involvement in the derecognised financial assets amounts to $742,563 (historical) (2019: $538,632 historical). The cumulative amount recognised in the income statement amounts to $1,822,984 (historical).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
15.2 Allowance for credit losses								
Balance at the beginning of the period	14 072 106	7 769 673	1 680 751	927 998	4 086 204	1 661 165	488 050	198 407
Adjustment upon adoption of IFRS 9	-	6 816 999	-	814 212	-	2 039 552	-	243 601
Restated ECL at 08 July 2019	14 072 106	14 586 672	1 680 751	1 742 210	4 086 204	3 700 717	488 050	442 008
Movement for the period								
Allowances utilised	(113 765)	(5 436 648)	(36 463)	(649 345)	(17 213)	(1 765 026)	(5 517)	(210 812)
Allowances raised	1 171 883	4 922 082	883 817	587 886	588 315	2 150 513	300 249	256 854
Monetary loss	(12 602 119)	-	-	-	(3 874 525)	-	-	-
Balance at the end of the period	**2 528 105**	**14 072 106**	**2 528 105**	**1 680 751**	**782 781**	**4 086 204**	**782 782**	**488 050**
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 credit losses.								
16. CASH AND CASH EQUIVALENTS								
Balances with banks	4 932 583	9 366 353	4 932 583	1 118 703	2 875 390	5 654 305	2 875 390	675 342
Cash on hand	74 912	78 575	74 912	9 385	36 062	71 411	36 062	8 529
Total	**5 007 495**	**9 444 928**	**5 007 495**	**1 128 088**	**2 911 452**	**5 725 716**	**2 911 452**	**683 871**

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 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	100 000	100 000	100 000	100 000	100 000	100 000
17.2 Issued and fully paid								
The original par value of issued shares of 384,067,512 (2019: 384,067,512) was redenominated to $0.0001 each in 2011.								
The Company has one class of ordinary shares which carry no rights to fixed income.								
Reconciliation of movement in the number of issued shares:								
Ordinary shares in issue at the beginning of the period	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512
Ordinary shares issued during the period	-	-	-	-	-	-	-	-
Balance at the end of the period	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512	384 067 512
Treasury shares held	(3 166 360)	(3 166 360)	(3 166 360)	(3 166 360)	(3 166 360)	(3 166 360)	(3 166 360)	(3 166 360)
Adjusted issued ordinary shares	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**	**380 901 152**
Treasury shares as % of issued shares at the end of the period	(0.82)	(0.82)	(0.82)	(0.82)	(0.82)	(0.82)	(0.82)	(0.82)
Market price at the end of the period (cents)	19.20	20.18	19.20	2.41	19.20	20.18	19.20	2.41
Market value of issued shares at the end of the period (ZWL$)	73 740 962	77 496 186	73 740 962	9 256 027	73 740 962	77 496 186	73 740 962	9 256 027
Nominal value of share capital at the end of the period (ZWL$)	321 563	321 563	38 407	38 407	321 563	321 563	38 407	38 407

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

17.3 Unissued shares

The Company's Articles of Association stipulate that the unissued shares of 615,932,488 (2019: 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 and Other Business Entities Act (Chapter24:31), 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 (2019:35,000,000). The Directors decided to suspend any allotments on the scheme and allotment may be reconsidered at a later date.

17.4 Directors' shareholdings

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

	Ordinary shares 2020	%	Ordinary shares 2019	%
B Ndebele - C.E.O.	55 814 914	14.53	55 814 914	14.53
M P Mahlangu - Non-Executive Director	13 800	0.00	13 800	0.00
	55 828 714	**14.53**	**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.

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
17.5 Treasury shares								
Balance at the beginning of the period	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**
Movement during the period	-	-	-	-	-	-	-	-
Balance at the end of the period	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**	**3 166 360**
Market value at the end of the period (ZWL$)	607 941	638 900	607 941	76 309	607 941	638 900	607 941	76 309
Nominal value at the end of the period (ZWL$)	(2 654)	(2 654)	(317)	(317)	(2 654)	(2 654)	(317)	(317)
All treasury shares are held by Truworths Limited.								
18. NON-DISTRIBUTABLE RESERVE								
Opening balance	13 305 049	15 544 495	6 765 441	1 856 611	6 776 329	6 568 025	2 490 162	784 475
Effects of change in functional currency from US$ to ZWL$	-	41 099 232	-	5 176 306	-	14 280 879	-	1 680 807
Transfer to Retained earnings	-	(43 338 678)	-	(267 476)	-	(14 072 575)	-	24 880
Closing balance	**13 305 049**	**13 305 049**	**6 765 441**	**6 765 441**	**6 776 329**	**6 776 329**	**2 490 162**	**2 490 162**
Made up of:-								
- Dollarisation (2009)	11 347 197	11 347 197	1 355 292	1 355 292	4 818 478	4 818 478	575 512	575 512
- Share premium (2014)	1 957 852	1 957 852	233 843	233 843	1 957 851	1 957 851	233 843	233 843
- Change in functional currency reserve (2019)	-	-	5 176 306	5 176 306	-	-	1 680 807	1 680 807
Total	**13 305 049**	**13 305 049**	**6 765 441**	**6 765 441**	**6 776 329**	**6 776 329**	**2 490 162**	**2 490 162**

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
19. DEFERRED TAX								
Net deferred tax liability at the beginning of the period	**20 294 313**	**510 957**	**2 423 921**	**61 028**	**8 322 883**	**2 393 556**	**994 072**	**285 882**
Liability	24 913 402	9 740 710	2 975 618	1 163 415	8 322 883	2 918 747	994 072	348 610
Deferred tax on initial application of IFRS 9	-	(1 755 378)	-	(209 659)	-	(525 191)	-	(62 728)
Asset	(4 619 089)	(7 474 375)	(551 697)	(892 728)	-	-	-	-
Movement for the period	**(3 114 749)**	**4 753 451**	**1 074 640**	**567 745**	**(2 579 481)**	**1 048 942**	**177 828**	**125 284**
	(3 114 749)	4 753 451	1 074 640	567 745	(2 579 481)	1 048 942	177 828	125 284
Being:								
(Decrease) / Increase in deferred tax liability	**(3 114 749)**	**4 753 451**	**1 074 640**	**567 745**	**(2 579 481)**	**1 048 942**	**177 828**	**125 284**
Property, plant and equipment	174 345	(1 245 369)	136 761	(148 745)	548 008	(441 382)	11 666	(52 718)
Exchange differences	(306 508)	427 006	(332 896)	51 001	(302 927)	393 893	36 127	47 046
Accounts receivables	(5 738 503)	3 050 340	1 803 073	364 328	(3 006 872)	1 365 431	521 904	163 085
Accrual for audit fees	(250 061)	(119 727)	(574 054)	(14 300)	(48 555)	(119 727)	(249 987)	(14 300)
Provision for leave pay	368 549	(214 085)	(198 464)	(25 570)	273 831	(149 273)	(98 916)	(17 829)
Effect of change in tax rate	22 068	-	22 068	-	-	-	-	-
Provision for bonuses	(107 003)	-	(107 003)	-	(42 966)	-	(42 966)	-
Utilised assessed loss	2 722 364	2 855 286	325 155	341 031	-	-	-	-
Deferred tax arising on upliftment of Property, plant and equipment at translation	(11)	15 029 905	-	1 795 149	-	4 880 385	-	582 906
Net deferred tax liability at the end of the period	**17 179 553**	**20 294 313**	**3 498 561**	**2 423 922**	**5 743 402**	**8 322 883**	**1 171 900**	**994 072**
Closing balance comprising:								
Deferred tax liability disclosed in financial statements	**17 179 553**	**20 294 313**	**3 498 561**	**2 423 922**	**5 743 402**	**8 322 883**	**1 171 900**	**994 072**
Property plant and equipment	15 333 456	87 082	1 942 310	10 401	5 052 888	(375 507)	549 722	(44 850)
Property plant and equipment - uplift	-	15 029 905	-	1 795 149	-	4 880 385	-	582 906
Exchange differences	111 557	417 897	(282 983)	49 913	82 116	385 043	82 116	45 989
Deferred tax on initial application of IFRS 9	-	(1 755 372)	-	(209 659)	-	(525 187)	-	(62 728)
Accounts receivable	4 609 580	12 103 477	3 039 035	1 445 621	1 078 148	4 610 209	1 009 812	550 636
Accrual for audit fees	(617 999)	(367 938)	(618 000)	(43 946)	(277 309)	(228 754)	(277 309)	(27 322)
Provision for leave pay	(275 372)	(601 649)	(270 324)	(71 860)	(149 475)	(423 306)	(149 475)	(50 559)
Effect of change in tax rate	22 068	-	22 068	-	-	-	-	-
Provision for bonuses	(107 003)	-	(107 003)	-	(42 966)	-	(42 966)	-
Assessable loss	(1 896 734)	(4 619 089)	(226 542)	(551 697)	-	-	-	-
Disclosed as:-								
Deferred tax liability	17 179 553	24 913 402	3 498 561	2 975 619	5 743 402	8 322 883	1 171 900	994 072
Deferred tax asset	-	(4 619 089)	-	(551 697)	-	-	-	-
	17 179 553	**20 294 313**	**3 498 561**	**2 423 922**	**5 743 402**	**8 322 883**	**1 171 900**	**994 072**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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 12 July 2020, the group subsidiaries had incurred tax losses amounting to $916,432 (2019: $2,142,526)(historical). In future years, the tax losses will provide the company with income tax relief amounting to $226,542 (2019: $551,697). 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.

	Opening balance ZWL$	Loss / (Utilisation) ZWL$	Closing balance ZWL$
Analysis of the deferred tax effect of tax losses			
2020 Balance	567 573	(341 031)	226 542
2019 Balance	892 728	(325 155)	567 573
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

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
20. SHORT-TERM BORROWINGS								
Short term loans from Financial institutions								
Balance at beginning period	47 248 122	63 072 519	5 643 244	7 533 286	47 248 122	63 072 519	5 643 244	7 533 286
Add: additional borrowings	6 456 620	-	2 300 000	-	6 456 620	-	2 300 000	-
	53 704 742	63 072 519	7 943 244	7 533 286	53 704 742	63 072 519	7 943 244	7 533 286
Deduct: repayments made	(47 900 235)	(15 824 397)	(2 138 737)	(1 890 042)	(47 900 235)	(15 824 397)	(2 138 737)	(1 890 042)
	5 804 507	47 248 122	5 804 507	5 643 244	5 804 507	47 248 122	5 804 507	5 643 244

Short-term borrowings of $5,804,507 (2019: $5,643,244) are jointly secured by 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 48.8% (2019: 17.69%) per annum was applicable to the outstanding balance.

	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
21. TRADE AND OTHER PAYABLES								
Trade payables	12 773 020	31 688 948	12 386 406	3 784 880	5 733 609	10 732 621	5 629 760	1 281 888
Other payables and accrued expenses	14 130 870	13 292 786	14 130 870	1 587 670	6 531 710	6 220 590	6 542 791	742 979
Total	**26 903 890**	**44 981 734**	**26 517 276**	**5 372 550**	**12 265 319**	**16 953 211**	**12 172 551**	**2 024 867**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

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.

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	AUDITED	RESTATED	UNAUDITED	AUDITED	AUDITED	RESTATED	UNAUDITED	AUDITED
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
22. PROVISIONS								
22.1 Employment related provisions								
Balance at beginning of period	**5 607 994**	**1 669 289**	**669 810**	**199 377**	**4 751 231**	**1 064 186**	**567 480**	**127 105**
Arising during the year	(1 123 436)	3 938 705	870 957	470 433	639 414	3 687 045	204 940	440 375
- Provisions utilised	(1 399 024)	(1 748 189)	(627 078)	(208 801)	(969 724)	(980 686)	(310 809)	(117 132)
- Provisions raised	275 588	5 686 894	1 498 035	679 234	1 609 138	4 667 731	515 749	557 507
Monetary loss	(2 943 791)	-	-	-	(4 618 225)	-	-	-
Balance at end of period	**1 540 767**	**5 607 994**	**1 540 767**	**669 810**	**772 420**	**4 751 231**	**772 420**	**567 480**
Comprising of:								
Leave pay provision	773 419	2 500 685	1 113 967	298 678	604 672	1 643 926	604 673	196 348
Profit share bonus	167 748	1 159 568	167 747	138 497	167 748	1 159 568	167 747	138 497
Other bonuses	599 600	1 947 741	259 053	232 635	-	1 947 737	-	232 635
	1 540 767	**5 607 994**	**1 540 767**	**669 810**	**772 420**	**4 751 231**	**772 420**	**567 480**
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.								
23 CASH FLOW INFORMATION								
23.1 Cash utilised in trading								
Profit / (loss) before tax	**8 464 902**	**31 821 273**	**10 667 826**	**3 800 684**	**(22 259 490)**	**17 702 668**	**5 222 058**	**2 114 380**
Adjustments for non cash items:-								
Depreciation and amortisation (note 5.1 and 6)	3 823 249	4 701 282	444 175	561 514	1 630 227	2 008 741	186 539	239 921
Monetary loss	931 720	-	-	-	28 268 841	-	-	-
Allowances for credit losses (note 15.2)	1 171 883	4 922 082	883 817	587 886	588 315	2 150 511	300 249	256 854
Employment related provisions raised (note 22.1)	275 588	5 686 894	1 498 035	679 234	1 609 137	4 667 733	515 749	557 506
Unrealised foreign exchange differences (note 4.1)	(559 967)	(2 122 623)	15 508	(253 523)	(850 950)	(1 681 217)	(342 507)	(200 802)
Inventory write-down (note 14)	2 248 812	1 336 529	1 000 344	159 633	841 495	500 510	403 025	59 781
Loss on disposal of property, plant and equipment (note 4.1)	34 940	-	2 038	-	(17 754)	-	4 668	-
Net finance (income) / cost (note 7)	(4 439 287)	(15 671 841)	(1 453 386)	(1 871 821)	3 368 792	(528 573)	1 480 689	(63 132)
	11 951 840	**30 673 596**	**13 058 357**	**3 663 607**	**13 178 613**	**24 820 373**	**7 770 470**	**2 964 508**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP AUDITED 2020 ZWL$	GROUP RESTATED 2019 ZWL$	GROUP UNAUDITED 2020 ZWL$	GROUP AUDITED 2019 ZWL$	COMPANY AUDITED 2020 ZWL$	COMPANY RESTATED 2019 ZWL$	COMPANY UNAUDITED 2020 ZWL$	COMPANY AUDITED 2019 ZWL$
23.2 Working capital movements								
(Increase) in inventory	(20 747 464)	(7 285 449)	(15 929 487)	(870 163)	(8 219 695)	(1 015 066)	(6 218 216)	(121 238)
Decrease / (increase) in trade and other receivables	66 420 166	(24 869 263)	(14 229 394)	(8 193 975)	49 107 628	(5 516 848)	(7 418 257)	(658 924)
Increase / (decrease) in trade and other payables	(21 860 692)	11 186 797	20 435 120	6 559 762	(9 424 891)	4 476 070	10 112 363	534 615
	23 812 010	(20 967 915)	(9 723 761)	(2 504 376)	31 463 042	(2 055 844)	(3 524 110)	(245 547)
23.3 Tax paid								
Amounts owing at the beginning of the period	(1 622 561)	(1 310 478)	(193 738)	(156 520)	(1 623 132)	(1 311 038)	(193 864)	(156 588)
Tax charged	(2 224 054)	(3 637 670)	(2 224 054)	(434 479)	(1 202 914)	(3 637 672)	(1 202 914)	(434 478)
Amounts owing at the end of the period	2 120 600	1 622 563	2 120 600	193 796	1 099 586	1 623 132	1 099 586	193 864
Amounts paid during the year	(1 726 015)	(3 325 585)	(297 192)	(397 203)	(1 726 460)	(3 325 578)	(297 192)	(397 202)
23.4 Cash and cash equivalents								
Made up as follows:								
Cash at bank and on hand (Note 16)	5 007 495	9 444 928	5 007 495	1 128 088	2 911 452	5 725 716	2 911 452	683 871
24. CAPITAL COMMITMENTS								
Capital commitments include all projects for which specific board approval has been obtained.								
Capital expenditure authorised	3 000 000	300 000	3 000 000	300 000	2 400 400	1 815 495	2 400 400	216 840
Computer infrastructure	3 000 000	300 000	3 000 000	300 000	2 400 400	1 815 495	2 400 400	216 840

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

25. 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 2020
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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	Management fees ZWL$	Merchandise sold to/ (purchased from) ZWL$	Amounts owing (to)/by ZWL$
INFLATION ADJUSTED			
2020 Company			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	-	-	6 112 700
Bravette Manufacturing Company (Private) Limited	149 798	(11 047 648)	(215 438)
2019 Company			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	24 652 582	-	44 436 188
Bravette Manufacturing Company (Private) Limited	401 881	(6 801 702)	12 511 554
HISTORICAL COST			
2020 Company			
Topic Stores (Private) Limited (incorporating Number 1 Stores)	-	-	6 112 700
Bravette Manufacturing Company (Private) Limited	48 000	(4 180 035)	(215 438)
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

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.

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP 2020 ZWL$	GROUP 2019 ZWL$	GROUP 2020 ZWL$	GROUP 2019 ZWL$	COMPANY 2020 ZWL$	COMPANY 2019 ZWL$	COMPANY 2020 ZWL$	COMPANY 2019 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	12 905 692	9 208 472	5 409 003	1 099 846	6 545 639	9 208 472	2 760 288	1 099 846
Post - employment benefits	353 820	606 110	149 769	72 393	171 506	606 111	71 889	72 393
	13 259 512	9 814 582	5 558 772	1 172 239	6 717 145	9 814 583	2 832 177	1 172 239
Included in the above amounts are the following in respect of directors' emoluments:								
Fees as directors	470 576	253 227	177 073	30 245	470 576	253 227	177 073	30 245
Otherwise in connection with management	7 417 583	6 177 197	2 894 300	737 795	3 623 010	6 177 197	1 678 694	737 795
	7 888 159	6 430 424	3 071 373	768 040	4 093 586	6 430 424	1 855 767	768 040
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:	109 760	867 627	109 760	103 628	109 760	867 627	109 760	103 628

These balances have been included in trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	GROUP 2020 ZWL$	GROUP 2019 ZWL$	GROUP 2020 ZWL$	GROUP 2019 ZWL$	COMPANY 2020 ZWL$	COMPANY 2019 ZWL$	COMPANY 2020 ZWL$	COMPANY 2019 ZWL$
26. EMPLOYEE BENEFITS The Group participates in three pension plans covering substantially all of its employees.								
26.1 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.	1 282 658	207 063	550 652	207 063	799 808	1 162 643	334 479	138 865
26.2 National Employment Council for the Clothing Industry Pension Fund The Bravette Manufacturing Company employees make contributions towards the Clothing Industry Pension Fund.	27 948	11 624	13 590	11 624	-	-	-	-
26.3 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.	359 103	51 422	157 029	51 422	141 945	248 739	60 270	29 708

26.4 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.

27. BORROWING POWERS

In terms of the company's Articles of Association the aggregate amount owing in respect of monies borrowed by the company and its subsidiaries 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.

28. 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 and risk committee that advises on financial risk and appropriate risk governance framework for the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

28.1 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 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 provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e.,gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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.

	Carrying amount ZWL$	Expected Credit Loss ZWL$	Trade and other receivables, net of allowance ZWL$	Expected credit loss rate %
INFLATION ADJUSTED				
2020				
GROUP				
Neither past due nor impaired	10 506 381	(398 623)	10 107 758	3.8%
Past due but not impaired				
30 - 59 days	1 158 092	(90 331)	1 067 761	7.8%
60 - 89 days	448 027	(34 946)	413 081	7.8%
90 - 119 days	558 357	(43 552)	514 805	7.8%
> 120 days	6 197 106	(1 960 652)	4 236 454	31.6%
Total trade receivables	18 867 963	(2 528 104)	16 339 859	13.4%
Other receivables neither past due nor impaired	5 934 050	-	5 934 050	-
Total trade and other receivables (excluding prepayments)	**24 802 013**	**(2 528 104)**	**22 273 909**	**13.4%**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	Carrying amount ZWL$	Expected Credit Loss ZWL$	Trade and other receivables, net of allowance ZWL$	Expected credit loss rate %
INFLATION ADJUSTED				
COMPANY				
Neither past due nor impaired	3 396 998	(129 086)	3 267 912	3.8%
Past due but not impaired				
30 - 59 days	381 549	(29 761)	351 788	7.8%
60 - 89 days	157 593	(12 292)	145 301	7.8%
90 - 119 days	149 918	(11 694)	138 224	7.8%
> 120 days	2 081 607	(599 949)	1 481 658	28.8%
Total trade receivables	6 167 665	(782 782)	5 384 883	12.7%
Other receivables neither past due nor impaired	11 976 873	-	11 976 873	-
Total trade and other receivables (excluding prepayments)	**18 144 538**	**(782 782)**	**17 361 756**	**12.7%**
2019				
GROUP				
Neither past due nor impaired	26 597 022	(692 214)	25 904 808	2.6%
Past due but not impaired				
30 - 59 days	4 526 941	(346 312)	4 180 629	7.7%
60 - 89 days	2 215 726	(169 501)	2 046 225	7.7%
90 - 119 days	1 089 850	(83 373)	1 006 477	7.6%
> 120 days	58 679 453	(12 780 705)	45 898 748	21.8%
Total trade receivables	93 108 992	(14 072 105)	79 036 887	15.1%
Other receivables neither past due nor impaired	8 669 069	-	8 669 069	-
Total trade and other receivables (excluding prepayments)	**101 778 061**	**(14 072 105)**	**87 705 956**	**15.1%**
COMPANY				
Neither past due nor impaired	10 674 976	(282 890)	10 392 086	2.7%
Past due but not impaired				
30 - 59 days	1 517 492	(116 085)	1 401 407	7.6%
60 - 89 days	879 197	(67 256)	811 941	7.6%
90 - 119 days	367 344	(28 098)	339 246	7.6%
> 120 days	19 430 793	(3 591 874)	15 838 919	7.6%
Total trade receivables	32 869 802	(4 086 203)	28 783 599	12.4%
Other receivables neither past due nor impaired	64 646 127	-	64 646 127	-
Total trade and other receivables (excluding prepayments)	**97 515 929**	**(4 086 203)**	**93 429 726**	**12.4%**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	Carrying amount ZWL$	Expected Credit Loss ZWL$	Trade and other receivables, net of allowance ZWL$	Expected credit loss rate %
HISTORICAL COST				
2020				
GROUP				
Neither past due nor impaired	10 506 381	(398 623)	10 107 758	3.8%
Past due but not impaired				
30 - 59 days	1 158 092	(90 331)	1 067 761	7.8%
60 - 89 days	448 027	(34 946)	413 081	7.8%
90 - 119 days	558 357	(43 552)	514 805	7.8%
> 120 days	6 197 106	(1 960 652)	4 236 454	31.6%
Total trade receivables	18 867 963	(2 528 104)	16 339 859	13.4%
Other receivables neither past due nor impaired	5 934 050	-	5 934 050	-
Total trade and other receivables (excluding prepayments)	**24 802 013**	**(2 528 104)**	**22 273 909**	**13.4%**
COMPANY				
Neither past due nor impaired	3 396 998	(129 086)	3 267 912	3.8%
Past due but not impaired				
30 - 59 days	381 549	(29 761)	351 788	7.8%
60 - 89 days	157 593	(12 292)	145 301	7.8%
90 - 119 days	149 918	(11 694)	138 224	7.8%
> 120 days	2 081 607	(599 949)	1 481 658	28.8%
Total trade receivables	6 167 665	(782 782)	5 384 883	12.7%
Other receivables neither past due nor impaired	11 976 873	-	11 976 873	-
Total trade and other receivables (excluding prepayments)	**18 144 538**	**(782 782)**	**17 361 756**	**12.7%**
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	7 008 585	(1 526 508)	5 482 077	21.8%
Total trade receivables	11 120 797	(1 680 751)	9 440 046	15.1%
Other receivables neither past due nor impaired	1 035 420	-	1 035 420	-
Total trade and other receivables (excluding prepayments)	**12 156 217**	**(1 680 751)**	**10 475 466**	**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	7 721 236	-	7 721 236	-
Total trade and other receivables (excluding prepayments)	**11 647 155**	**(488 050)**	**11 159 105**	**12.4%**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

28.2 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 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. The impact on the Group's equity is as follows:

	2020 ZWL$	2019 ZWL$
Effect on profit before tax		
Increase of 10%	(174 135)	(169 297)
Decrease of 10%	174 135	169 297

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:

	2020 %	2019 %
Floating rate		
Balance with bank	0.1	0.1
Interest bearing portion of trade receivables*	5	5
Average Interest on borrowings	48.8	17.69

* At the end of the reporting period 100% (2019: 72.7%) of trade receivables were interest-bearing.

28.3 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 and bank loans.

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.

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$
INFLATION ADJUSTED				
2020				
GROUP				
Liabilities				
Interest-bearing borrowings	(6 646 160)	-	-	(6 646 160)
Trade and other payables	(21 523 112)	(5 380 778)	-	(26 903 890)
TOTAL	**(28 169 272)**	**(5 380 778)**	**-**	**(33 550 050)**
Assets				
Cash and cash equivalents	5 007 495	-	-	5 007 495
Trade and other accounts receivable (excluding prepayments)	6 728 958	15 544 951	-	22 273 909
TOTAL	**11 736 453**	**15 544 951**	**-**	**27 281 404**
COMPANY				
Liabilities				
Interest-bearing borrowings	(6 646 160)	-	-	(6 646 160)
Trade and other payables	(9 812 255)	(2 453 064)	-	(12 265 319)
TOTAL	**(16 458 415)**	**(2 453 064)**	**-**	**(18 911 479)**
Assets				
Cash and cash equivalents	2 911 452	-	-	2 911 452
Trade and other accounts receivable (excluding prepayments)	1 918 894	15 442 862	-	17 361 756
TOTAL	**4 830 346**	**15 442 862**	**-**	**20 273 208**
2019				
GROUP				
Liabilities				
Interest-bearing borrowings	(37 531 730)	(24 397 957)	-	(61 929 687)
Trade and other payables	(44 981 734)	-	-	(44 981 734)
TOTAL	**(82 513 464)**	**(24 397 957)**	**-**	**(106 911 421)**
Assets				
Cash and cash equivalents	9 444 928	-	-	9 444 928
Trade and other accounts receivable (excluding prepayments)	57 722 659	29 983 297	-	87 705 956
TOTAL	**67 167 587**	**29 983 297**	**-**	**97 150 884**
COMPANY				
Liabilities				
Interest-bearing borrowings	(37 531 730)	(24 397 957)	-	(61 929 687)
Trade and other payables	(16 953 211)	-	-	(16 953 211)
TOTAL	**(54 484 941)**	**(24 397 957)**	**-**	**(78 882 898)**
Assets				
Cash and cash equivalents	5 725 716	-	-	5 725 716
Trade and other accounts receivable (excluding prepayments)	54 614 683	38 815 043	-	93 429 726
TOTAL	**60 340 399**	**38 815 043**	**-**	**99 155 442**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	Within 3 months ZWL$	Between 4 to 12 months ZWL$	1 to 5 years ZWL$	Total ZWL$
HISTORICAL COST				
2020				
GROUP				
Liabilities				
Interest-bearing borrowings	(6 646 160)	-	-	(6 646 160)
Trade and other payables	(21 523 112)	(4 994 164)	-	(26 517 276)
TOTAL	**(28 169 272)**	**(4 994 164)**	**-**	**(33 163 436)**
Assets				
Cash and cash equivalents	5 007 495	-	-	5 007 495
Trade and other accounts receivable (excluding prepayments)	6 728 958	15 544 951	-	22 273 909
TOTAL	**11 736 453**	**15 544 951**	**-**	**27 281 404**
COMPANY				
Liabilities				
Interest-bearing borrowings	(6 646 160)	-	-	(6 646 160)
Trade and other payables	(9 812 255)	(2 360 296)	-	(12 172 551)
TOTAL	**(16 458 415)**	**(2 360 296)**	**-**	**(18 818 711)**
Assets				
Cash and cash equivalents	2 911 452	-	-	2 911 452
Trade and other accounts receivable (excluding prepayments)	1 918 894	15 442 862	-	17 361 756
TOTAL	**4 830 346**	**15 442 862**	**-**	**20 273 208**
2019				
GROUP				
Liabilities				
Interest-bearing borrowings	(4 482 733)	(2 914 055)	-	(7 396 788)
Trade and other payables	(5 372 550)	-	-	(5 372 550)
TOTAL	**(9 855 283)**	**(2 914 055)**	**-**	**(12 769 338)**
Assets				
Cash and cash equivalents	1 128 088	-	-	1 128 088
Trade and other accounts receivable (excluding prepayments)	6 894 307	3 581 159	-	10 475 466
TOTAL	**8 022 395**	**3 581 159**	**-**	**11 603 554**
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	4 636 010	-	11 159 105
TOTAL	**7 206 966**	**4 636 010**	**-**	**11 842 976**

The Group has access to financing facilities of $4,695,493 (2019: $1,006,756) which can be utilised. The amount before limitations of the Company's Articles of Association are breached is $31,437,067 (2019: $16,860,066) at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

28.4 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	
	2020	2019	12 July 2020	07 July 2019
United States Dollar	19.46	4.69	65.88	9.01
South African Rands	1.24	3.03	3.89	1.62
Great British Pounds	25.18	6.07	82.88	11.03
Botswana Pula	1.70	2.27	5.67	1.17

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
2020				
GROUP				
July 12 2020	United States Dollar	(11 647)	29 744	18 097
July 12 2020	South African Rand	(375 884)	9 149	(366 735)
July 12 2020	British Pound	-	40	40
July 12 2020	Botswana Pula	-	344	344
COMPANY				
July 12 2020	United States Dollar	(11 647)	24 976	13 330
July 12 2020	South African Rand	-	7 213	7 214
July 12 2020	British Pound	-	40	40
July 12 2020	Botswana Pula	-	344	344
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
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

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
GROUP				
Effect on profit before tax				
Increase of 10%	(193 484)	(67 135)	(193 484)	(67 135)
Decrease of 10%	193 484	67 135	193 484	67 135
COMPANY				
Effect on profit before tax				
Increase of 10%	(193 484)	(31 447)	(193 484)	(31 447)
Decrease of 10%	193 484	31 447	193 484	31 447

28.5 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 12 2020.

	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Profit for the period	9 355 597	64 529 384	7 369 132	7 707 291
Total equity	103 560 199	94 204 602	18 620 787	11 251 655
Total borrowings	5 804 507	47 248 122	5 804 507	5 643 244
Ratios				
Return on equity	9,0%	68,5%	39,6%	68,5%
Return on assets	6,0%	30,2%	12,7%	30,2%
Gearing	5,3%	33,4%	23,8%	33,4%

28.6 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.

29. EVENTS AFTER REPORTING DATE

On 25 June 2020, the Zimbabwe Stock Exchange (ZSE) suspended all trading in line with a Government directive. Consequently the shares of the company were not being traded during that period until 3 August 2020 when trading resumed. However, this had no significant impact on the Group.

In addition, on 24 July 2020, the Government of Zimbabwe issued Statutory Instrument 185 of 2020 which requires that any person who provides goods or services in Zimbabwe shall display, quote or offer the price for such goods or services in both Zimbabwe dollar and foreign currency at the ruling exchange rate.

COVID 19 IMPACT

The Group would like to highlight events relating to Covid 19 pandemic. On 11 March 2020, the World Health Organisation (WHO) declared the Coronavirus Disease (Covid-19) an international pandemic. There has been a worldwide spread with new infections occurring at an unprecedented rate.

In the same month, the Government of Zimbabwe declared the outbreak of the Coronavirus a National Disaster. This then led to the declaration of a 21- day National Lockdown which started on 30 March 2020 through Statutory Instrument 83 of 2020 Public Health (COVID-19) Prevention , Containment and Treatment (National Lockdown), which measures included -closing of borders and total shut down of most businesses save for essential services amongst other significant interventions. The lockdown was extended by a further 14 days.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

The ongoing national, regional and global response to the Covid-19 pandemic has negatively affected the Group's business operations ,not sparing our customers , suppliers , service providers and employees. The overall disruption and financial effect on the Group's businesses cannot be determined with certainty due to the nature of the complexity, the unknown duration and severity of the Covid-19 pandemic and dynamic responses continuously being implemented by the country to counteract the negative impact on the economy. The retail operations of the Group were brought to a halt from 30 March 2020 and operations were resumed on 18 May after some partial relaxation of the lockdown restrictions and after the Group met the relevant regulatory requirements to resume retail operations.

The Group reviewed stocking levels upwards to ensure business continuity. It also pre-ordered sufficient supplies and materials including those consumables required to maintain a healthy environment (tissues, hand sanitizers, soap, masks etc.) and will continually review the impact of short term changes to the supply chain and logistics models to avoid disruption. Pro-active cash management measures have been put in place to ensure that the Group has sufficient liquidity to weather the storm.

Although , these financial statements have been prepared under the going concern assumption there are some uncertainties, though very insignificant at this point as management have performed a detailed assessment of Covid-19 impact on the operations of the Group and determined the following impacts:

Impact on Statement of Financial Position
Line by line assessment on how the current uncertainty (Covid-19 pandemic) may impact any of the amounts presented at 12 July 2020:-

Property, plant and equipment
Our stores resumed trading in May 2020. Trading hours have been extended to normal and sales have increased. The factory performed better than prior year due to a high demand for COVID-19 PPE. Normal demand from chain stores will align with demand. The value of property, plant and equipment is thus not expected to significantly decline.

Inventory
Though the stores were closed for 6 weeks, there were no merchandise inputs in the month of April. Local merchandise input resumed in the last week of May for Winter trading.

Prepayments to suppliers
These related to a foreign fabric consignment which was in-transit.

Trade receivables
Despite low collections in April and May due to the Lockdown, the Group is achieving targets in excess of forecasts due to greater rate of servicing debt on the back of a fast devaluing Zimbabwe dollar. This is reflective in the ECL credit losses of 13.4% at year end compared to 15.1% in the prior year.

Trade and other payables
Our strategy is continuously negotiating with suppliers and service providers in terms of credit terms and increaments in view of the depreciating Zimbabwe Dollar.

Loans
During Lockdown, loan repayments were re-scheduled to later dates.

Cash and cash equivalents
The Group continues to manage its working capital through effective cash management , direct borrowing and invoice discounting.

FURTHER DEVALUATION OF THE ZIMBABWE DOLLAR
As at the end of the reporting period, the USD to ZWL$ exchange rate was at ZWL$65.88:US$1 and at the time of signing this report was at ZWL$81.35:US$1. This weakening of the ZWL$ against the USD has had minimal impact on the Group's financial performance and position as the Group's exposures to foreign currency risk has also been minimum.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. SEGMENT INFORMATION (HYPERINFLATED)

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.

For management purposes, the Group is organised into business units based on their product and services and has two reportable segments as follows:

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	
	2020 AUDITED ZWL$	2019 RESTATED ZWL$	2020 AUDITED ZWL$	2019 RESTATED ZWL$	2020 AUDITED ZWL$	2019 RESTATED ZWL$	2020 AUDITED ZWL$	2019 RESTATED ZWL$
Revenue from contracts with customers								
External sales	4 297 763	1 555 135	146 148 484	147 800 267	-	-	150 446 247	149 355 402
Inter-segment sales	24 550 245	16 494 098	-	-	(24 550 245)	(16 494 098)	-	-
Total revenue from contracts with customers	28 848 008	18 049 233	146 148 484	147 800 267	(24 550 245)	(16 494 098)	150 446 247	149 355 402
Result								
Segment profit	9 241 420	2 155 695	(4 134 287)	14 395 611	(149 798)	(401 872)	4 957 335	16 149 434
Finance income	-	-	12 779 422	23 350 346	-	-	12 779 422	23 350 346
Finance cost	(46 752)	(368)	(8 293 383)	(7 678 139)	-	-	(8 340 135)	(7 678 507)
Monetary loss	(728 071)	-	(203 649)	-	-	-	(931 720)	-
Taxation	(1 280 351)	(412 313)	2 171 046	(7 978 808)	-	-	890 695	(8 391 121)
Profit for the period	7 186 246	1 743 014	2 319 149	22 089 010	(149 798)	(401 872)	9 355 597	23 430 152
Other information								
Segment assets	31 350 233	33 071 476	125 669 849	233 471 313	(8 965 584)	(61 882 424)	148 054 498	204 660 365
Unallocated corporate assets							9 055 017	9 298 963
	31 350 233	33 071 476	125 669 849	233 471 313	(8 965 584)	(61 882 424)	157 109 515	213 959 328
Segment liabilities	(8 687 433)	(9 250 611)	51 902 179	168 970 897	(8 965 584)	(61 882 424)	34 249 163	97 837 862
Unallocated corporate liabilities							19 300 153	21 916 864
Consolidated total liabilities	(8 687 433)	(9 250 611)	51 902 179	168 970 897	(8 965 584)	(61 882 424)	53 549 316	119 754 726
Capital expenditure	35 745	-	1 438 205	601 833			1 473 950	601 833
Depreciation and amortisation	312 482	982 498	3 510 767	3 718 785			3 823 249	4 701 283

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. SEGMENT INFORMATION (HISTORICAL COST)

	Manufacturing		Retail		Eliminations		Consolidated	
	2020 AUDITED ZWL$	2019 RESTATED ZWL$	2020 AUDITED ZWL$	2019 RESTATED ZWL$	2020 AUDITED ZWL$	2019 RESTATED ZWL$	2020 AUDITED ZWL$	2019 RESTATED ZWL$
Revenue from contracts with customers								
External sales	2 939 922	185 743	61 136 987	17 653 040	-	-	64 076 909	17 838 783
Inter-segment sales	9 222 612	1 970 030	-	-	(9 222 612)	(1 970 030)	-	-
Total revenue from contracts with customers	12 162 534	2 155 773	61 136 987	17 653 040	(9 222 612)	(1 970 030)	64 076 909	17 838 783
Result								
Segment profit	3 131 179	257 474	6 131 261	1 719 389	(48 000)	(48 000)	9 214 440	1 928 863
Finance income	-	-	4 760 913	2 788 930	-	-	4 760 913	2 788 930
Finance cost	(19 559)	(44)	(3 287 968)	(917 065)	-	-	(3 307 527)	(917 109)
Taxation	(765 834)	(49 246)	(2 532 860)	(952 977)	-	-	(3 298 694)	(1 002 223)
Profit for the period	2 345 786	208 184	5 071 346	2 638 277	(48 000)	(48 000)	7 369 132	2 798 461
Other information								
Segment assets	6 106 055	3 950 007	59 879 371	27 885 460	(8 965 584)	(7 391 144)	57 019 842	24 444 323
Unallocated corporate assets							1 082 656	1 110 654
	6 106 055	3 950 007	59 879 371	27 885 460	(8 965 584)	(7 391 144)	58 102 498	25 554 977
Segment liabilities	(3 584 980)	(1 104 879)	46 413 115	20 181 628	(8 965 584)	(7 391 144)	33 862 551	11 685 605
Unallocated corporate liabilities							5 619 160	2 617 717
Consolidated total liabilities	(3 584 980)	(1 104 879)	46 413 115	20 181 628	(8 965 584)	(7 391 144)	39 481 711	14 303 322
Capital expenditure	15 710	-	758 623	71 882			774 333	71 882
Depreciation and amortisation	34 614	117 348	409 561	444 166			444 175	561 514

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

NOTICE OF MEETING
63RD ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Third 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 December 10 2020 at 9.00am to transact the business below. Shareholders will be asked to attend the meeting where Covid-19 preventative measures protocol will be implemented and shareholders that cannot physically attend the meeting will be asked to connect and attend the meeting virtually via the link: https://escrowagm.com/eagmZim/Login.aspx

ORDINARY BUSINESS

1. To approve minutes of the Annual General Meeting held on November 28 2019.

2. To receive, approve and adopt the financial statements and reports of the Directors and Auditors for the year ended July 12 2020.

3. Directorate

3.1 To re-elect the following Director, Mr Mordecai Pilate Mahlangu, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election:-

Mr Mordecai Pilate Mahlangu is a Lawyer who has over 31 years experience. He is a holder of a Bachelor of Law (Hons) LLB qualification and is a Partner of Gill, Godlonton and Gerrans. He is a former Non-Executive Chairman of Old Mutual Life Assurance Zimbabwe.

3.2 To re-elect the following Director, Mr Washington Matsaira, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election:-

Mr Washington Matsaira is a Banker by profession and holds a Bachelors of Arts Degree. He is former Chief Executive Officer of Standard Chartered Bank Zimbabwe, former Chief Executive Officer of TSL Limited and sits on various Boards including Non-Executive Chairman - CABS, Non-Executive Chairman - Takura Capital and Non-Executive Director - TSL Limited.

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. (Note: Ernst & Young Chartered Accountants have been Company's auditors for many years. The audit will be re-tendered for the F22 financial year in line with the Zimbabwe Stock Exchange Practice guidelines).

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
Cnr Kwame Nkrumah Avenue/First Street
P.O. Box 2208
Harare
Zimbabwe

By Order of the Board

Chibanda

B M CHIBANDA
SECRETARY

October 29 2020

Registered Office
Stand 808 Seke Road
Prospect Park
Hatfield
P.O. Box 2898
Harare
Tel: +263 4 576441/9, 576465
Email: truworths@truworths.co.zw
Website: www.truworths.co.zw

Transfer Secretaries
Corpserve (Private) Limited
2nd Floor ZB Centre
Cnr Kwame Nkrumah Avenue/First Street
P.O. Box 2208
Harare
Tel: 263 4 758193, 750711/2
Fax: 263 4 752629
Email: corpserve@escrowgroup.org

NOTES

NOTES

TRUWORTHS

www.truworths.co.zw