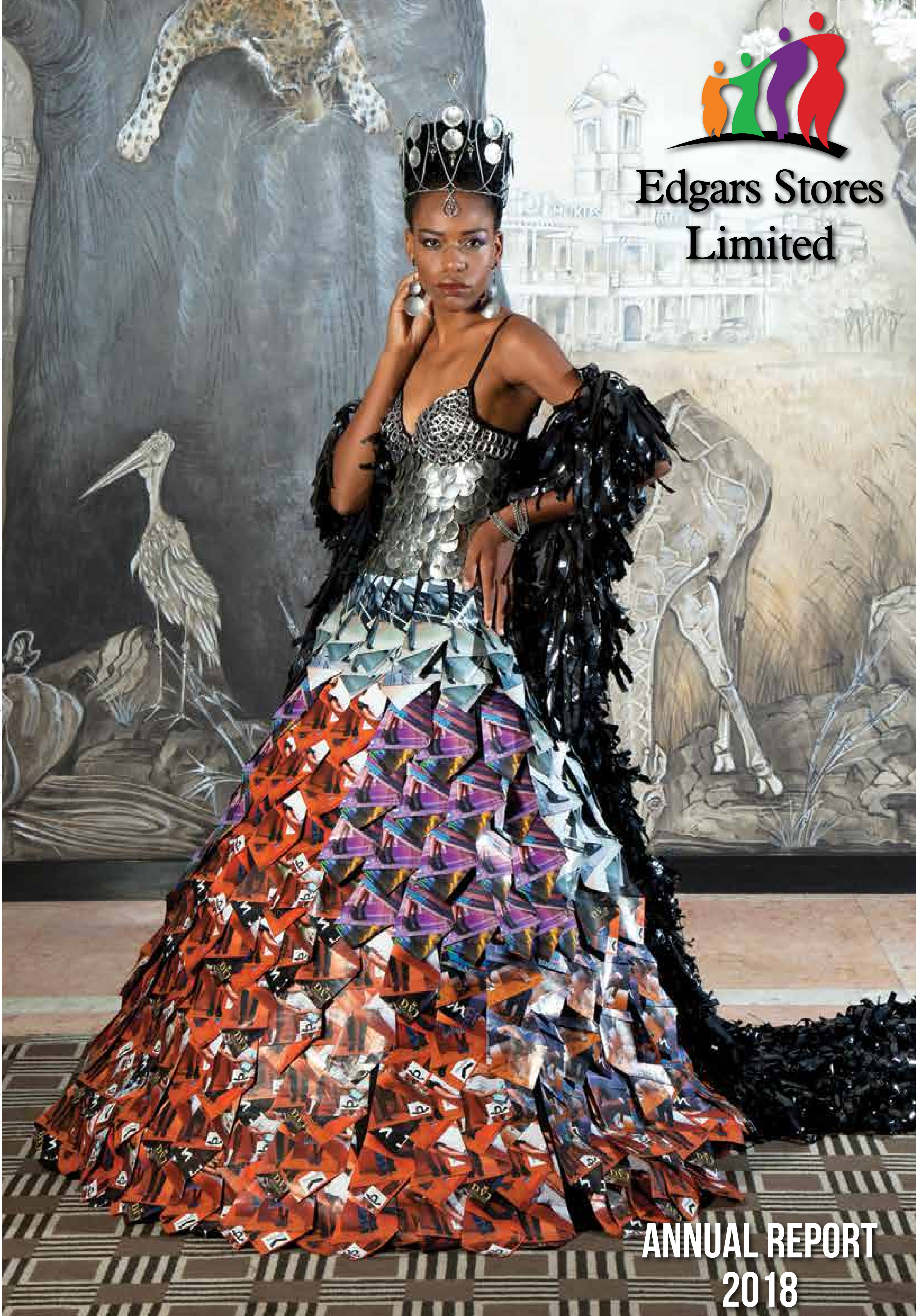

Edgars Stores Limited

ANNUAL REPORT 2018

These audited annual consolidated and separate financial statements ("financial statements") were prepared by Edgars Stores Limited Finance Department under the direction and supervision of the Group Finance Director, James Blair Galloway CA(Z)

Contents

OUR BUSINESS

Overview

Edgars Stores Limited is a limited company incorporated and domiciled in Zimbabwe whose shares are publicly traded. Our core business is the retailing of clothing, footwear, textiles and accessories. Through our credit and cash stores we aim to supply our customers with value for money by providing quality merchandise for the family at competitive prices. We are Zimbabwe's market leaders in this field and it is our resolve to remain so.

Strategic Business Units

Our Group is organised into three strategic business units: retailing, manufacturing and micro finance.

Retailing

We retail our products through the following established brands:

Edgars: providing quality, fashion and convenient shopping at competitive prices to the whole family in the middle to upper-income groups. The brand offers fashion merchandise, with no compromise on quality, at competitive prices for the whole family. We offer competitive credit to our customers. Our pleasant, convenient stores offer our customers a superior shopping experience.

Jet: this brand provides quality, value and commercial fashion with compelling opening price points at very competitive prices to the whole family in the lower to middle income group. Our stores offer pleasant, economical shopping environments, laid out for self-service; with assisted service available if needed.

Manufacturing

Carousel a Division of Edgars Stores Limited is our manufacturing business unit. Situated in Bulawayo, it produces a wide range of denim, ladies', children's and gents' casual wear that it supplies to our retail divisions as well as to other retailers.

Micro Finance

Club Plus (Private) Limited is the Group's micro finance business unit. Club Plus offers micro finance loans to the lower to middle income customer group at competitive interest rates.

Our Business Philosophy

Our business is retailing and micro finance lending. Offering credit and cash through our stores we aim to supply quality products and service.

We aim to be Zimbabwe's undisputed market leader in the micro finance, clothing and footwear retail business offering quality, value and superior customer service in pleasant environments. Micro finance and retailing are people oriented and our existence and continued success is dependent on our ability to satisfy our customers' needs and value expectations.

We endeavour to appeal to a broad spectrum of consumers, catering in a professional manner to their needs. Our staff delivers a wide selection of quality products and services that are competitively priced with courtesy and professionalism.

Our goal is to earn our shareholders optimum returns on invested capital through steady profit growth and astute asset management. We are committed to honesty and integrity in all relationships with suppliers of goods and services. We are demanding, but fair, and evaluate our suppliers on the basis of quality, price and service. We recognise our role in society and support worthwhile projects, particularly of a charitable or conservation nature.

Management Philosophy

Participative management lies at the heart of this strategy, which relies on the building of employee partnerships at every level to foster mutual trust and to encourage people to think always about how they can do things better. The demands of our business are such that success will only come from the dedication of our employees. The Group will continue to have its operating decisions made at the appropriate operating levels of the business.

Our Business

Mission Statement

The Edgars Group's mission is to create and enhance stakeholder value. We will deal with our stakeholders as follows:

Customers
We will be the retailer of choice providing memorable shopping experiences.

Employees
We want to be regarded as the preferred equal opportunity employer offering competitive working conditions that help us attract, develop and retain creative, skilled people who are highly motivated.

Investors
We will deliver economic value through sustained real earnings growth achieved through deliberate market dominance of Zimbabwe's micro finance, clothing and footwear retail sector.

Suppliers
We aim to achieve synergies through win-win partnerships based on honesty and integrity.

Community
We will be a socially responsible and caring corporate citizen committed to the highest standards of professionalism and ethical behaviour.

Group Financial Highlights

	6 January 2019 52 weeks $000	7 January 2018 52 weeks $000	Change %
Group Summary			
Retail sales revenue	75,576	62,882	20
Earnings attributable to ordinary shareholders	8,498	3,979	114
Cash inflow from operating activities	3,350	8,316	(59.72)
Total assets	68,318	50,592	35
Market capitalisation	30,042	13,843	117
Ordinary share performance (cents per share)			
Earnings			
Basic	3.29	1.54	113
Diluted	3.28	1.54	113
Net equity	14.55	10.35	41
Market price	10.20	4.70	117
Financial statistics			
Return on ordinary shareholders equity	19.9	13.1	52
Liquidity ratios			
Current ratio	3.0	3.0	0
Gearing-gross	0.19	0.15	29
Gearing-net	0.04	0.08	(51)
Borrowing times covered by stock and debtors	5.0	8.2	(39)

Corporate Board

Executive Directors

Linda Masterson* (63) FCIS
Group Managing Director
Joined the Group in 1988
Appointed to the Board in 1991
Appointed Group Managing Director in April 2010

Vusumuzi Mpofu (51) ACMA, CGMA
Jet Chain Director
Joined the Group in 2000
Appointed to the Board in 2008

Tjeludo N. Ndlovu (34) C.A. (Z).
Edgars Chain Director
Joined the Group in 2013
Appointed to the Board in June 2018

James B. Galloway (59) C.A.(Z)
Group Finance Director
Joined the Group in 2011
Appointed to the Board in 2012

Non-Executive Directors

Themba N. Sibanda • (64)
B.Acc (Z), C.A. (Z)
Chairman
Appointed to the Board in 2003

Canaan F. Dube* • (62)
LLB (Hons), LLB, MBA
Appointed to the Board in 2004

Dr. Leonard L. Tsumba* • (75)
Phd, M.A, BSBA
Appointed to the Board in 2006

Raymond Mlotshwa (68) BA
Joined the Group in 1981
Appointed to the Board in 1998
Appointed Group Managing Director
in September 1999
Retired in March 2010
Appointed non-executive director in April 2010

Grant M. Pattison* • (47) BSc Eng. Elec UCTBA
Appointed to the Board in June 2018

• Member of the Remuneration Committee
* Member of the Audit Committe

FINANCIAL OVERVIEW

Foreign currency shortages necessitated an import substitution program which, through the efforts of our sourcing teams, was largely successful. Despite these endeavours, local production was somewhat erratic due to the inability of our suppliers to source inputs. Imported product lines which could not be sourced locally such as cosmetics, shoes and lingerie, were more severely affected.

Despite the difficulties, trading conditions during the first 9 months of the year were good.

Mark-up action to protect stock-outs was necessitated in October when fears of a return to hyperinflation left customers frantically seeking value. Our prices did not go up by as much as some but still had the effect of dampening demand and reducing volumes. Edgars and Jet chain unit sales for the last quarter declined by 37% and 33%, respectively. Being our strongest quarter, (including the festive season) this had a negative impact on annual volumes.

While we could have achieved a better top line with improved assortments of imported lines, this proved impossible due to the constraints mentioned above, and Group revenue grew by 22% on last year to $78.1million (2017; $64.1m). Group retail unit sales declined by 11.4% for the year.

Profit for the period of $8.5m was 114% higher than the prior year ($3.98m) partly due to increased margins in the last quarter. Group margin improved to 46% (2017:43%).
In November our two Kadoma stores, which premises were under lease, were destroyed by fire. Efforts are underway to reinstate both operations.

Retail Operations

Edgars Chain
The chain recorded turnover of $45.7m (2017:$39.6m) out of 25 stores (2017:26) an increase of 16%. Units sold for the year were 1.6m (2017:1.9m), a decrease of 16%. The chain's profit to sales ratio increased to 27% from 24% in 2017.

Jet Chain
Total Sales were $30.5m (2017:$24.0m) out of 24 stores (2017:25) an increase of 27%. Units sold for the year were 2.3m (2017:2.5m), a decrease of 8%. The Chain's profit to sales ratio increased to 23% (2017:21%).

Credit Management

Debtors were very well managed throughout the year and the various debtors books are all "clean". They are also too clean, with too many paid-up accounts. Total active accounts at the end of December numbered 151 552, which was 9.5% down on 2017.

Edgars Chain debtors were $19.0m (2017: $18.1m) after an allowance for credit losses of $0.8m (2017:$0.9m). Net write-offs for the period averaged 1.8% (2017: 6.9%) of lagged credit sales, and 0.3% of lagged debtors (2017: 0.8%). Edgars chain active accounts at December 2018 were 100 159 (2017: 109 749).

Jet Chain debtors were at $5.7m (2017: $4.9m) after an allowance for credit losses of $0.6m (2017: $0.5m). Net write offs for the period equated to 1.4% (2017: 5.5%) of lagged credit sales, and 0.5% of lagged debtors (2017: 0.8%). Jet Chain active accounts at December 2018 were 51 393 (2017: 50 415).

Manufacturing

The factory made a small loss of $0.2m (2017:$0.6m loss) after retrenchment costs of $0.2m. Some export orders were successfully completed in the second half of the year and we will continue to focus on exports and in providing timeous, quality product to our retail chains in 2019.

Microfinance

Revenue from the microfinance business increased from $0.1m (4 months trading) to $1.6m (full year trading). This segment reported a profit of $0.7m (2017: $0.1m loss). Loans to customers were at $4.0m (2017: $0.6m).

Financing and Cashflow

Gearing has remained healthy at 0.19 (2017:0.15). We managed to clear all our foreign liabilities during the second half of the year.

Outlook

In the short term, we look forward to customer incomes being assisted somewhat by salary increases. In the longer term we look forward to the promised fiscal discipline and reforms delivering foreign investment and job creation.
We will intensify our efforts in working with local suppliers to develop and improve the quality, fashionability and, importantly, on-time-delivery of wanted product.

Management will continue to deliver profit growth to all our stakeholders.

Dividend

The Board has declared a final dividend of 0.5 cents per share to shareholders reflected in the company's register on the record date being 3 May 2019.

Shares will trade cum-div until 30 April 2019 and ex-div from 1 May 2019. The payment date is on or about 31 May 2019.

Shareholders will have an option to receive their dividend wholly in cash or take their dividend entitlement in the form of shares. The offer price to the shareholders has been determined by the share price on the date of the first interim announcement.

Details of the maximum number of shares each shareholder is entitled to and the procedure to be used in electing to take up this scrip dividend offer are set out in the form of election which will be posted to shareholders.

Appreciation

I am grateful to Board colleagues, management and staff for their dedication. I am also grateful to our customers for their loyalty and our landlords, bankers and suppliers for their continued support.

T N SIBANDA

CORPORATE GOVERNANCE REPORT

The Board of Directors accepts accountability for the transparent governance of Edgars Stores Limited. Governance of the Group is managed and monitored by a unitary Board of Directors, assisted by committees of the Board. The Directors believe that they have applied and complied with the principles incorporated in the National Code on Corporate Governance in Zimbabwe. The Board's responsibilities are well defined and adhered to. The Board's primary responsibilities, based on a predetermined assessment of materiality include amongst others:

» evaluating and reviewing the Group's strategic direction;
» identifying, considering and reviewing key risk areas and relevant responses as well as key performance indicators;
» monitoring investment decisions;
» considering significant financial matters;
» reviewing the performance of executive management against business plans, budgets and industry standards;
» monitoring the stewardship of the Group;
» ensuring that a comprehensive system of policies and procedures is operational;
» ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles and the Group's internal governing documents and codes of conduct;
» and evaluating on a regular basis economic, political, social and legal issues, as well as any other relevant external matters that may influence or affect the development of the business or the interests of the share owners and, if appropriate taking external expert advice.

It should be noted that, when terminology such as "ensure" or "review" are used to describe the duties of the Board or its Committees, it does not mean the Board or Committee Members actually get involved in the detailed activities. Rather, members of the Board or Committee rely on reports from management and the internal and external auditors and then obtain their own desired levels of comfort and assurance through query and discussion.

The Board

The size of the Board is dictated by the Articles of Association, which permit a maximum of twelve directors. Currently the Board is chaired by an independent non-executive director Mr. TN. Sibanda and consists of four executive and four non-executive directors.

The names and credentials of the directors in office at 6 January 2019 are detailed on page 9. Non-executive directors introduce an independent view to matters under consideration and add to the breadth and depth of experience of the Board. All the non-executive directors are considered to be independent in character and judgment. Adequate directors' and officers' insurance cover has been purchased by the Group to meet any material claims against directors. No claims under the relevant policy were lodged during the year under review.

Board meetings are held at least quarterly and whenever else circumstances necessitate. Directors are invited to add items to the agendas for Board meetings. Details of meetings held during the 2017 financial year and attendance at each are contained below.

Attendance at Corporate Board Meetings: 2018

Board Attendance	Mar 2018	Jun 2018	Sep 2018	Dec 2018
T N Sibanda*	√	√	√	√
C F Dube*	√	√	√	√
L L Tsumba*	√	√	√	√
R Mlotshwa*	√	√	√	√
G Pattison*	×	√	√	√
L Masterson	√	√	√	√
T N Ndlovu	√	×	√	√
V Mpofu	√	√	√	√
J B Galloway	√	√	√	√

Key:

*Non-Executive Director
√ - attended
× – did not attend
n/a- not applicable

Board Committees

Specific responsibilities have been delegated to board committees with defined terms of reference. The current board committees are:

Audit Committee

The Audit Committee continuously evaluates the Group's exposure and response to significant risk, reviews the appropriateness and adequacy of the systems of internal financial and operational control; reviews and evaluates accounting policies and financial information issued to the public, ensures effective communication between directors, management, internal and external auditors, reviews the performance of the internal and external auditors, recommends the appointment of the external auditors and determines their fees.

The Audit Committee comprises three non-executive directors whose details are provided on page 9. Mr. C.

Dube chairs the Committee and the other members are Dr. L.L. Tsumba and Mr. G. Pattison. The Group Managing Director and Group Finance Director are required to attend all meetings of the Committee as invitees. The External Auditors and Head of Group Internal Audit also attend the meetings by invite.

Remuneration Committee

This Committee's function is to approve a broad remuneration strategy for the Group and to ensure that directors and senior executives are adequately remunerated for their contribution to operating and financial performance, in terms of base pay as well as short and long-term incentives.

Attendance at board committee meetings was as follows:

Attendance at Audit Committee Meetings

Audit	Mar 2018	Jun 2018	Sep 2018	Dec 2018
C F Dube*	√	•	√	√
L L Tsumba*	√	•	√	√
G Pattison*	×	•	×	×
L Masterson	√	•	√	√

Key:

- * - Non-Executive Director
- √ - attended
- × - did not attend
- n/a - not applicable
- • - No meeting

Attendance at Remuneration Committee Meetings

Audit	Mar 2018	Jun 2018	Sep 2018	Dec 2018
T N Sibanda*	√	•	√	•
C F Dube*	√	•	√	•
L L Tsumba*	√	•	√	•
G Pattison*	×	•	×	•

Key:

- * - Non-Executive Director
- √ - attended
- × - did not attend
- n/a - not applicable
- • - No meeting

Accountability and Audit

The Board of Directors is responsible for the Group's system of internal control. Responsibility for the adequacy, extent and operations of these systems is delegated to the executive directors. To fulfill this responsibility, management maintains accounting records and has developed, and continues to maintain, appropriate systems of internal control. The Directors report that the Group's internal controls and systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of its assets and to detect and minimise fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

The systems of internal control are based on established organisational structures together with written policies and procedures, including budgetary and forecasting disciplines and the comparison of actual results against these budgets and forecasts. The Directors have satisfied themselves that these systems and procedures are implemented, maintained and monitored by appropriately trained personnel with suitable segregation of authority, duties and reporting lines and, where appropriate, by the comprehensive use of advanced computer hardware and software technologies.

Directors and employees are required to maintain the highest ethical standards as outlined in the Group's Code of Ethics, to ensure that business practices are conducted in a manner which in all reasonable circumstances is above reproach. The effectiveness of the systems of internal control in operation is monitored continually through reviews and reports from senior executives and the internal and external auditors.

Internal Audit

The Edgars Group Internal Audit operates in terms of the Audit Committee's approved charter to provide management with an independent, objective consultancy and assurance service that reviews matters relating to control, risk management, corporate governance and operational efficiency. The committee's responsibility is to independently assess and appraise the systems of internal control and the policies and procedures of the Group, in order to monitor how adequate and effective they are in ensuring the achievement of organisational objectives, the relevance, reliability and integrity of management and financial information, whether resources are being used economically, effectively and efficiently, the safeguarding of assets, compliance with relevant policies, procedures, laws and regulations; and prevention of waste, extravagance and fraud.

The Internal Audit Department reports fundamentally directly to the Audit Committee and administratively to the Group Managing Director. Significant reports are copied to the Group Managing Director as well as to the Chairman of the Audit Committee and there is regular two-way communication between the Group Managing Director and the Head of Group Internal Audit.

All Edgars business operations and support functions are subject to an internal audit. The Audit Committee approves the annual audit plans, which are based on an annual Group Risk Assessment. Internal audits are conducted according to the professional standards of the Institute of Internal Auditors. The Group Internal Audit also facilitates the management of risk in order to maintain a high profile of the Group's risk management process without assuming responsibility for risk management; this being the responsibility of the Board. Group Internal Audit also conducts independent investigations in cases of fraud. Edgars is a member of Tip-Offs Anonymous, a hotline managed by Deloitte, which allows tip-off callers' confidentiality and anonymity on reporting matters.

External Audit

The External Auditors express an independent opinion on the Group Financial Statements and provide an independent assessment of the Group's systems of internal financial control through the Report to Management on deficiencies noted during their audit. An external audit offers reasonable but not absolute assurance on financial results.

Collaboration exists between internal and external auditors to ensure better audit coverage.

The Audit Committee reviews the external auditor's audit plan, without infringing on their independence and rights, to ensure that areas of significant concern are covered. In addition, the Audit Committee reviews ongoing ratios between fees for audit versus those for other professional services rendered by external auditors.

Employee Relationships

The Group has its operating decisions made at the appropriate levels. Participative management lies at the heart of this strategy, which relies on the building of employee partnerships at every level to foster mutual trust and encourages people to always think about how they can improve things. We strive to liberate initiative and energy in our people, as they are the ones who make the difference in our performance.

Employment Equity

The Group has employment policies, which we believe are appropriate to the business and the market in which we trade. They are designed to attract, motivate and retain quality staff at all levels. Equal employment opportunities are offered without discrimination.

Public Share-owners

The principles of balanced reporting, understandability, openness and substance over form are the foundation for communication to the public and shareowners. Positive and negative aspects of both financial and non-financial information are provided. Edgars meets regularly with institutional share-owners and investment analysts and makes presentations to investors and analysts bi-annually, after the release of results.

Ethical Behaviour
The Group's Core Values are:

- Superior customer service
- Integrity
- People
- Performance
- Professionalism

The Code of Ethics clearly outlines the Group's Vision, Mission, Values and Code of Conduct. All employees including senior management, executives and directors, are expected to act in line with the Code of Ethics at all times. Failure to do so results in disciplinary action. Employees with access to confidential information are prohibited from disclosing it to outsiders and from trading in Edgars shares during the closed periods around year end and half-year reporting, until 48 hours after the results are published, as well as during any periods when the Group has issued a cautionary trading statement to share-owners.

Financial Reporting

The Group Financial Statements for the 52 weeks to 6 January 2019 incorporate the results for the fifty-two weeks ended 6 January 2019. In preparing these Financial Statements, the same accounting principles and methods of computation are applied as in prior periods.

Material events that occurred after the reporting date are reported in detail in Note 33.

Directors' Responsibilities

The Directors are ultimately responsible for the preparation of the Group Financial Statements and related financial information that fairly present the state of affairs and the results of the Group.

Auditors' Responsibilities

The external auditors are responsible for independently auditing and reporting on these Group Financial Statements in conformity with International Standards on Auditing.

These financial statements have been approved by the Board of Directors and are signed
on their behalf by:

T N Sibanda	L Masterson
Non-Executive Chairman	Group Managing Director
On 06 March 2019	

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Adverse Opinion

We have audited the consolidated and company financial statements of Edgars Stores Limited and its subsidiaries (the Group) set out on pages 20 to 76, which comprise the statements of financial position as at 6 January 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the 52 weeks then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and company financial statements do not present fairly the consolidated and company financial position of Edgars Stores Limited as at 6 January 2019, and its consolidated and company financial performance and its consolidated and company cash flows for the 52 weeks then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

As explained in note 2.1 to the consolidated and company financial statements, the functional currency applied by management is the United States Dollar (US$) and the consolidated and company financial statements are presented in US$ on the basis that the official exchange rate as at 6 January 2019 between the RTGS Dollar (RTGS$) and the United States Dollar (US$) is 1:1.

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

These events triggered the need for reporting entities to assess whether there was a change in functional currency (from US$ to RTGS$) and the 1:1 RTGS$:US$ exchange rate as at and prior to the 6 January 2019 period end.

Based on International Financial Reporting Standards IAS 21-*The Effects of Changes in Foreign Exchange Rates* ("IAS 21") the functional currency of an entity is *the currency of the primary economic environment in which the entity operates* and *reflects the underlying transactions, events and conditions that are relevant to it*. In addition, paragraph 2.12 of the *Conceptual Framework for Financial Reporting* ("the Conceptual Framework") prescribes that for financial information to be useful, it "*must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon.*" In addition, International Financial Reporting Standards IAS10 - *Events after the Reporting Period* ("IAS 10") also requires an entity to adjust the amounts recognised in its financial statements to reflect events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONTINUED)

We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supports that there was a change in functional currency from US$ to RTGS$ and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$:US$ exchange rate and this occurred prior to the 6 January 2019 period end. This impacts the basis for measuring transactions that occurred between 1 October and 31 December 2018, the valuation of assets and liabilities at period end as well as the accounting for foreign exchange differences. We believe that the consolidated and company financial statements are required to be adjusted for these changes and that it is inappropriate to provide note disclosures as a proxy for adjusting the financial statements as this is not in conformity with IAS 10.

The financial statements of the group include balances and transactions denominated in RTGS$ that were not converted to US$ at an RTGS$:US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and 20th of February 2019. Management have provided more information on their approach in Note 2.1 to the financial statements.

In terms of IAS 21, foreign currency monetary items shall be translated using the closing rate, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Therefore, had RTGS$ been designated as the functional currency and a different RTGS$:USD$ currency rate been determined and applied by management, virtually every account in, and the information provided by way of notes to, the accompanying consolidated and company financial statements, would have been materially different. The effects of the departure from IFRS are pervasive to the financial statements and have not been quantified.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Business Report, Corporate Board Reports, Group Chairman's Statement and the Corporate Information but does not include the consolidated and company financial statements and our auditor's report thereon.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONTINUED)

In connection with our audit of the consolidated and company 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Group Chairman's Statement affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and company 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company 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 to express an opinion on the consolidated and company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Monica Chanduru (PAAB Practicing Certificate Number 0567).

Ernst & Young

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

BULAWAYO
29 APRIL 2019


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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the 52 weeks to 6 January 2019

Group				Company	
52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $ (restated)		Notes	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $ (restated)
78,118,743	64,106,544	Revenue	5	76,516,386	63,647,753
75,575,868	62,882,028	Sales of merchandise	5	75,575,868	62,515,090
(41,117,022)	(35,952,145)	Cost of sales		(41,117,022)	(36,727,768)
34,458,846	26,929,883	Gross profit		34,458,846	25,787,322
1,602,357	91,853	Income from microfinance institution		-	-
23,386	(116,885)	Other gains and losses	6	23,386	(116,804)
(2,330,018)	(2,513,224)	Credit management and debt collection costs		(1,364,158)	(2,513,224)
(12,505,486)	(11,472,573)	Store expenses		(12,505,486)	(11,472,573)
(15,534,128)	(13,650,677)	Other operating income and expenses		(15,772,563)	(12,145,397)
6,614,469	7,699,950	Finance income	7.6	6,843,287	7,720,870
(816,151)	(1,088,513)	Finance costs	7.7	(816,151)	(1,088,513)
11,513,275	5,879,814	Profit before tax	7	10,867,161	6,171,681
(3,015,175)	(1,901,015)	Income tax expense	10	(2,870,357)	(1,942,997)
8,498,100	3,978,799	Profit for the period		7,996,804	4,228,684
-	-	Other comprehensive income		-	-
		Items that may not be reclassified to Profit and Loss			
6,543,853	-	Revaluation of property, plant and equipment		6,446,987	-
(1,685,059)	-	Deferred tax liability arising on revaluation		(1,660,116)	-
4,858,794	-	Other comprehensive income for the period (net of tax)		4,786,871	-
13,356,894	3,978,799	Total comprehensive income for the period		12,783,675	4,228,684
		Earnings per ordinary share	11		
3.29	1.54	Basic (cents per share)		3.10	1.64
3.28	1.54	Diluted (cents per share)		3.09	1.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the 52 weeks to 6 January 2019

Group					Company		
6 January 2019	7 January 2018	9 January 2017		Notes	6 January 2019	7 January 2018	9 January 2017
$	$	$			$	$	$
audited	audited	audited			audited	audited	audited
	(restated)*	(restated)*				(restated)*	(restated)*
			Assets				
			Non-current assets				
-	-	-	Intercompany loan	28	3,936,067	4,397,890	5,451,215
14,525,571	7,199,567	7,171,871	Property, plant and equipment	13	14,334,694	6,662,235	6,630,063
1,326,805	1,959,254	2,581,374	Intangible assets	15	1,319,294	1,959,254	2,581,374
-	-	-	Investment in a subsidiary	29	1,000,000	100,000	-
25,465	-	-	Deferred tax asset	14	-	-	-
15,877,841	9,158,821	9,753,245	Total non-current assets		20,590,055	13,119,379	14,662,652
			Current assets				
15,985,570	14,144,671	11,517,123	Inventories	16	15,985,569	11,332,117	8,131,578
25,518,658	24,335,518	24,808,994	Trade and other receivables	17	25,518,528	24,108,853	24,336,722
4,275,580	656,945	-	Loans and advances to customers	17.1	-	-	-
38,030	-	-	Income tax receivable	20	-	-	-
6,621,957	2,296,428	1,743,245	Cash and cash equivalents	12.4	5,645,151	2,087,610	1,741,657
52,439,795	41,433,562	38,069,362	Total current assets		47,149,248	37,528,580	34,209,957
68,317,636	50,592,383	47,822,607	Total assets		67,739,303	50,647,959	48,872,609
			Equity and liabilities				
			Capital and reserves				
405,690	405,690	391,339	Issued capital	18	405,690	405,690	391,339
7,767,766	2,649,885	2,631,783	Other reserves	18	7,423,384	2,618,446	2,613,714
34,606,120	27,339,053	23,197,599	Retained earnings		34,470,399	27,616,352	23,225,013
42,779,576	30,394,628	26,220,721	Total capital and reserves		42,299,473	30,640,488	26,230,066
			Non-current liabilities				
4,489,417	3,143,972	2,481,496	Deferred tax liabilities	14	4,464,474	3,185,954	2,481,496
3,653,570	2,289,011	321,923	Long term portion of interest bearing loans and borrowings	21	3,653,570	2,289,011	321,923
8,142,987	5,432,983	2,803,419	Total non-current liabilities		8,118,044	5,474,965	2,803,419
			Current liabilities				
11,340,567	11,219,360	6,368,758	Trade and other payables	19	11,272,951	11,076,211	7,565,642
352,622	-	-	Dividend payable	19.1	352,623	-	-
663,534	891,034	1,299,090	Current tax liabilities	20	663,534	891,034	1,299,090
384,692	278,358	197,448	Contract liabilities	19.2	384,690	278,357	197,448
4,653,658	2,376,020	10,933,171	Interest bearing loans and borrowings	21	4,647,988	2,286,904	10,776,944
17,395,073	14,764,772	18,798,467	Total current liabilities		17,321,786	14,532,506	19,839,124
25,538,060	20,197,755	21,601,886	Total liabilities		25,439,830	20,007,471	22,642,543
68,317,636	50,592,383	47,822,607	Total equity and liabilities		67,739,303	50,647,959	48,872,609
14.55	10.35	8.93	Net equity per share (cents)		14.39	10.44	8.93
			Gearing:				
0.19	0.15	0.35	-Gross		0.20	0.35	0.35
0.04	0.08	(0.46)	-Net		0.06	(0.46)	(0.46)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the 52 weeks to 6 January 2019

	Notes	Issued capital and premium $	Equity-settled employee benefits reserve $	Revaluation reserve $	Credit reserve $	Retained earnings $	Total $
Group							
Balance at 9 January 2017		391,338	1,004,233	1,627,549	-	24,019,948	27,043,068
Prior Period Error*		-	-	-	-	(822,348)	(822,348)
Balance at 09 January 2017 (restated)		391,338	1,004,233	1,627,549	-	23,197,600	26,220,720
Total comprehensive income for the period		-	-	-		3,978,799	3,978,799
Issue of ordinary shares under employee share option plan		14,352	-	-	-	-	14,352
Share based payment expense	9.4	-	4,731	-	-	-	4,731
Balance at 08 January 2018 as reported		405,690	1,008,964	1,627,549	-	27,176,399	30,218,602
Change in accounting policy-IFRS 9	2.4.2					176,026	176,026
Transfer to credit reserve	2.4.2				13,372	(13,372)	-
Balance at 08 January 2018 (restated)*		405,690	1,008,964	1,627,549	13,372	27,339,053	30,394,628
Total comprehensive income for the period		-	-	4,858,794	-	8,498,100	13,356,894
Profit for the year		-	-	-	-	8,498,100	8,498,100
Comprehensive income for the period		-	-	4,858,794	-	-	4,858,794
Dividends declared		-	-	-	-	(971,946)	(971,946)
Transfer to credit reserve		-	-	-	259,087	(259,087)	-
Balance at 6 January 2019		405,690	1,008,964	6,486,343	272,459	34,606,120	42,779,576
Company							
Balance at 9 January 2017		391,338	1,004,233	1,609,481	-	24,047,361	27,052,413
Prior Period Error*		-	-	-	-	(822,348)	(822,348)
Balance at 09 January 2017 (restated)*		391,338	1,004,233	1,609,481	-	23,225,013	26,230,065
Total comprehensive income for the period		-	-	-	-	4,228,685	4,228,685
Issue of ordinary shares under employee share option plan		14,352	-	-	-	-	14,352
Share based payment expense	9.4	-	4,731	-	-	-	4,731
Balance at 08 January 2018 as reported		405,690	1,008,964	1,609,481	-	27,453,698	30,477,833
Change in accounting policy-IFRS 9	2.4.2					162,654	162,654
Balance at 08 January 2018 (restated)*		405,690	1,008,964	1,609,481	-	27,616,352	30,640,487
Total comprehensive income for the period		-	-	4,786,871	-	7,996,804	12,783,675
Profit for the year		-	-	-	-	7,996,804	7,996,804
Other comprehensive income for the period		-	-	4,786,871	-	-	4,786,871
Divdends declared		-	-	-	-	(971,946)	(971,946)
Divisionalisation of Carousel		-	-	18,068	-	(170,813)	(152,744)
Balance at 6 January 2019		405,690	1,008,964	6,414,420	-	34,470,399	42,299,473

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CONSOLIDATED STATEMENT OF CASHFLOWS for the 52 weeks to 6 January 2019

Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $		Notes	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $ (restated)
		Cash flows from operating activities			
11,513,275	5,879,814	Profit/(loss) before tax		10,867,161	6,171,681
		Adjusted for:			
(6,614,469)	(7,699,950)	Finance income		(6,843,287)	(7,720,870)
816,151	1,088,513	Finance costs		816,151	1,088,513
3,118,193	2,466,608	Non cash items	12.1	2,998,691	2,153,992
(7,186,148)	1,732,760	Movements in working capital	12.2	(3,511,306)	432,215
1,647,002	3,467,745	Cash generated from operations		4,327,411	2,125,531
6,272,603	7,699,950	Finance income received		6,501,421	7,720,870
(923,722)	(1,148,353)	Finance costs paid		(923,722)	(1,148,353)
(3,645,785)	(1,703,004)	Taxation paid	12.3	(3,437,471)	(1,703,004)
3,350,098	8,316,338	Cash inflow from operating activities		6,467,639	6,995,044
		Cash flows from investing activities			
(2,216,051)	(1,245,978)	Payments for property, plant and equipment	13	(2,168,220)	(1,152,352)
168,607	58,537	Proceeds from disposal of property, plant and equipment		168,607	58,537
-	-	Cash inflow from group companies		2,842,490	5,100,022
		Cash outflow from group companies		(5,877,268)	(4,046,698)
-	-	Investment in subsidiary		(900,000)	(100,000)
(2,047,444)	(1,187,441)	Net cash used in investing activities		(5,934,391)	(140,491)
		Cash flows from financing activities			
-	14,352	Proceeds from issue of equity shares		-	14,352
6,000,000	4,500,000	Proceeds from borrowings	21.3	6,000,000	4,500,000
(2,357,802)	(11,090,065)	Repayment of borrowings	21.3	(2,363,473)	(11,022,952)
(619,323)	-	Payments of dividend		(619,323)	-
3,022,875	(6,575,713)	Net cash used in financing activities		3,017,204	(6,508,600)
4,325,529	553,184	Net increase in cash and cash equivalents		3,550,452	345,953
2,296,428	1,743,244	Cash and cash equivalents at the beginning of the period		2,087,610	1,741,657
-	-	Cash balances from Carousel		7,090	-
6,621,957	2,296,428	Cash and cash equivalents at the end of the period		5,645,151	2,087,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Edgars Stores Limited (the Group) is a limited company incorporated and domiciled in Zimbabwe and whose shares are publicly traded. The Group manufactures clothing, which it distributes and sells together with footwear, textiles and accessories through a network of stores in Zimbabwe. The Group also offers micro finance loans.

The consolidated results of the Group for the 52 weeks to 6 January 2019 were authorised for issue in accordance with a resolution of the directors on 6th of March 2019.

The Group's results are consolidated into Edcon Holdings (Pty) Ltd (South Africa), the ultimate parent. Information on other related party relationships of the Group is provided in Note 28.

2. FINANCIAL REPORTING

2.1 Basis of Preparation

The consolidated financial statements are prepared in accordance with the going concern and historical cost basis except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in United States Dollar (US$) and all values are rounded to the nearest dollar except where otherwise stated.

Determination of functional currency

The entity has been operating in a multi-currency environment since it started trading. On the 1st February 2009, the Zimbabwean Dollar was demonetised to curb hyperinflation. The business' operating environment witnessed significant monetary and exchange control policy changes by the Reserve Bank of Zimbabwe from October 2016 which included among others:

» The introduction of bond notes in October 2016 whose rate was fixed at par with the United States Dollar.
» The use of Real Time Gross Settlement ("RTGS") as the bond notes were in limited supply of $2 and $5 notes.
» Priority listing of foreign payments which had an impact on the timing of settlement of foreign commitments.

These were measures to alleviate the challenge of foreign currency shortages especially the United States Dollar. As the foreign currency challenges continued in the current year, it triggered multiple forms of pricing in the market depending on the mode of payment available (Bond Notes, United States Dollars or RTGS).

The directors have performed their assessment and have concluded that US$ remains the entity's functional and reporting currency as at 6 January 2019 (including the period transacted between 1 October 2018 and 6 January 2019) and have therefore continued to transact and report at the legal exchange rate of US$1: RTGS$1 (as presented in the Reserve Bank of Zimbabwe Monetary Policy Statement and announced by the Minister of Finance and Economic Development in October 2018; and further promulgated in Statutory Instrument 33 (S.I. 33) of February 2019). No adjustments have been made to the consolidated financial statements to translate the RTGS$ transactions to US$ at a rate other than the legal exchange rate of US$1: RTGS$1. The US$ transactions and balances included in the consolidated financial statements for the 12 weeks ended 6 January 2019 are:

Line item affected	Value in US$
Statement of profit of loss and other comprehensive income	
Revenue	(317,401)
Revaluation surplus	(227,585)
Statement of financial position	
Non-current assets	
Properties	1,629,500
Current assets	
Trade and other receivables	5,729
Cash and cash equivalents	216,879
Prepayments	319,157
Current liabilities	
Trade and other payables	(41,742)

Statement of compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB).

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Edgars Stores Limited and its subsidiaries as at 6 January 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the 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 a 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 an 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 re-assesses 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 year are included in the statement of Comprehensive income and statement of financial position from the date the Group gains control 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.

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.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, as would be required if the Group had directly disposed of the related assets or liabilities.

If the Group divisionalises a subsidiary, it:

- Transfers individual assets and liabilities to the corresponding line items in the Company, at their respective carrying amounts per the consolidated financial statements.
- Writes off any unutilised tax losses of the subsidiary, as these are ring fenced to the Company.
- Transfers net gains/ (losses) from the transaction directly into equity. These are credited/ (debited) to the equity reserves in the Company.

Investment in subsidiary

Investments in subsidiaries are accounted for at cost.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

The Group's consolidated financial statements are presented in United States Dollars, which is the Group's functional currency. It is the currency of the primary economic environment in which the Group operates. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.3.2 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3.3 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the commission income below, because it typically controls the goods or services before transferring them to the customer. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of goods

Revenue from the sale of goods is recognised when control transfers to the buyer, usually on delivery of the goods.

Within the Jet chain, the Group operates a loyalty points programme, Jet Thank U, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for monetary discount, subject to a minimum number of points being obtained. Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. The Group's returns are immaterial and have been accounted for net of sales.

Commission income

Funeral and hospital insurance providers are charged a commission for collection of premiums on their behalf. Commission income is recognised as revenue when the premium is collected.

Interest income

For all financial instruments measured at amortised cost, 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. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, administration fees and costs that are an integral part of the EIR. Interest income is included in finance income in the statement of comprehensive income.

Subscriptions

Revenue from subscriptions is recognised when a customer has accepted the terms and conditions applicable to the benefits of membership as offered by the Group.

Fee Income

Fee income – including administration fees is recognised as the related services are performed.

2.3.4 Taxes

Current income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date in Zimbabwe. 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 and loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

» Where the deferred tax liability arises from the initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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, carry forward of unused tax credits and unused tax losses, 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 utilized except:

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

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

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

Deferred tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit and loss.

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 deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) except:

» Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized 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.

2.3.5. Pensions and other post-employment benefits

The Group pension scheme is a defined contribution scheme. The cost of retirement benefit is determined by the level of contribution made in terms of the rules. Employer contributions are recognised in profit or loss as they fall due. The Group also participates in the National Social Security Authority pension scheme as required by legislation.

The cost of retirement benefit applicable to the National Social Security Authority Scheme is determined by the systematic recognition of legislated contributions and is recognised in profit or loss.

2.3.6. Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 9.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Further details are given in note 11.

Cash settled transactions

The cost of cash settled transactions with employees for awards granted is measured at the fair value of the liability. Until the liability is settled, the Group re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in value recognised in profit or loss for the period. Further details are provided in note 9.

2.3.7. Recognition of interest income

2.3.7.1. The effective interest rate method

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

2.3.7.2 Interest and similar income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and Net gains/(losses) on financial assets at fair value through profit or loss, respectively.

2.3.8. Financial instruments – initial recognition and subsequent measurement

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

2.3.8.1 Financial assets

Initial recognition and measurement

Policy applicable after 8 January 2018

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

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. Refer to the accounting policies in Note 2.3.3 Revenue from contracts with customers.

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.

The details of these conditions are outlined below.

2.3.8.2. Measurement categories of financial assets and liabilities

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 8 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 8 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

» Trade receivables previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured at amortised cost.

The statement of financial position as at 08 December 2018 was restated, resulting in a decrease in Other components of equity and an decrease in Retained earnings of $272,459. The statement of profit or loss and the statement of comprehensive income for the year ended 7 January 2018 were also restated relating to the fair value gain of the listed equity investments, and resulted in an increase in Other income of $9,000 and a decrease in Net gain on available-for-sale financial assets of $6,000 (net of tax).

The Group/ (Company) has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group/ (Company)'s financial liabilities.

In summary, upon the adoption of IFRS 9, the Group/ (Company) had the following required or elected reclassifications:

As at 07 January 2018

Group

IAS 39 measurement category		IFRS 9 measurement category		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
	$	$	$	$
Loans and receivables				
Trade receivables*	24,116,455	-	24,335,518	-
Loans and advances to customers	643,573	-	656,945	-
		-	24,992,463	-

Company

IAS 39 measurement category		IFRS 9 measurement category		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
	$	$	$	$
Loans and receivables				
Trade receivables*	23,889,791	-	24,108,853	-
		-	24,108,853	-

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

2.3.8.3. Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

» How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.

» The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

» How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

» The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.3.8.4. The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.3.8.5 Policy applicable before 8 January 2018

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

2.3.8.6 Subsequent measurement

Policy applicable after 8 January 2018

For purposes of subsequent measurement, financial assets are classified in one category:
Financial assets at amortised cost (debt instruments)

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 and loans and advances to customers.

Policy applicable before 8 January 2018

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

» Loans and receivables

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category generally applies to trade and other receivables and loans and advances to customers.

Trade and other receivables

After initial measurement, trade receivables are subsequently measured at amortised cost using the EIR method, less impairment. 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 in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in credit management and collection costs. For more information on trade and other receivables, refer to Note 17.1.

Loans and advances to customers

Loans and advances to customers include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and advances to customers are subsequently measured at amortised cost using the EIR methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

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

(a) the Group has transferred substantially all the risks and rewards of the asset,

or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.3.8.6 Impairment of financial assets

Policy applicable after 8 January 2018

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 2.3.8.7.
- Trade receivables, including loans and advances to customers Note 2.3.8.7.

As described in Note 17, the adoption of IFRS 9 has fundamentally changed the Group's incurred loans and advances and trade receivables impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 8 January 2018, the Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 26.3.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 2.3.8.7.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 26.3.

Based on the above process, the Group groups its loans and advances and trade receivables into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.3.8.7 The calculation of ECLs

The Group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender

would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, a best case and a worst case). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans and advances to customers and trade receivables are expected to be recovered, including the probability that the financial assets will cure or the amount that might be received from recovery efforts.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired (as defined in Note 17.1), the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.3.8.8 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates
- Central Bank minimum lending rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 17.1.

Policy applicable before 8 January 2018

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to credit management and debt collection costs.

Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.3.8.9 Financial liabilities

Policy applicable before and after 8 January 2018

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 Group overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into United States Dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in profit or loss.

Derecognition

A financial liability is derecognised 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3.8.10 Offsetting of financial instruments

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

2.3.9 Property, plant and equipment

Items of property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognized after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

All repair and maintenance costs are recognised in profit or loss as incurred.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the remaining estimated useful life of the asset. The useful lives of each category are as follows:

- » Buildings 40 years
- » Furniture, fittings and equipment 5-10 years
- » Computer equipment 5-10 years
- » Plant and machinery 5-10 years
- » Leasehold Improvements The lease period or shorter periods as may be determined
- » Motor vehicles 5-7 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

2.3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful lives of each category are as follows:

Enterprise Resource Planning costs	5-10 years
Website development	5-10years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

2.3.11. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Operating leases are leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals are expensed as incurred.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.12 Inventories

Inventories are valued at the lower of cost and net realisable value on a FIFO basis. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

» Raw materials - average purchase cost
» Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.
» Merchandise – weighted average cost Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.3.13 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above. Overdrafts are disclosed under borrowings and do not form part of cash and cash equivalents.

2.3.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-current asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expenses categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in assumption used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

2.3.15 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.3.16 Cash Value Plan

The cash value plan (CVP) is an executive incentive scheme introduced in 2018. This scheme (CVP) retrospectively cancels and replaces the 2014 Cash Settled Share Based Incentive Scheme. Under this scheme an employee is given a provisional allocation (PA) which is a provisional promise of a cash award which does not give the participant any right to receive cash or any interest in cash until such time as the Board decides to release payment or part thereof as an "award". The PA is the maximum amount that can be paid and will be subject to all the provisions thereto being fulfilled, at which time, and after due consideration, an award will be made and payment effected for the amount awarded. The awards are intended as an incentive to Employees to promote the continued growth of the company and/or its subsidiaries by granting them cash awards in a manner and on terms and conditions set out in this award scheme. Each award granted will remain in force for a period not exceeding 5 (five) years after the award date. The Performance Criteria (PC) upon the achievement of which will depend the eligibility and quantum for an Award consequent to the PA. PC may include, but shall not be limited to:

- individual performance;
- growth in group and/or divisional profitability;
- growth as measured by EBITDA;
- volumes growth and/or real growth after factoring inflation; and return on Investment.

The amount that the Group expects to pay for the awarded provisional allocations is recognized as a financial liability in the Group's financial statements and has been measured at fair value with the fair value adjustments being recognized in profit or loss.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.4.1 IFRS 15 Revenue from Contract with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the full retrospective method of adoption. The adoption of IFRS 15 has not impacted the timing or amount of revenue recognised from the sale of merchandise. The key area of impact relates to the Groups customer loyalty programme. Revenue in respect of this programme is now subject to the variable consideration guidance in IFRS 15. However due to the fact that this programme is still in its infancy the financial impact of this change is immaterial.

Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Group currently does not account for the right of return as the returns are immaterial according to the Group's assessment . IFRS 15 requires that the value of the return be estimated using the expected value method.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group used the expected value method to estimate the goods that will not be returned. Upon adoption of IFRS 15, the Group assessed the impact of returns to be immaterial.

Principal versus agent consideration

The Group has an agent agreement with funeral and insurance providers were a commission is charged. Under these contracts, the Group provides premium collection and claims administration services. In these contracts, the Group is not considered to be primarily responsible for fulfilling the promise to provide insurance cover for the customers. The Group does not have a claim liability risk before or after any claim incident as it administers on behalf of the insurance company.

The Group does bear credit risk on these transactions as it is not obliged to pay the insurance company if the customer defaults on a payment. Under the current accounting policy, based on the non-existence of credit risk and the nature of the consideration in the contract, the Group concluded that it does not have an exposure to the significant risks and rewards associated with the insurance contract, and accounted for the contracts as if it is an agent.

IFRS 15 requires assessment of whether the Group controls a specified good or service before it is transferred to the customer. The Group has determined that it does not control the service before they are transferred to customers, and hence, is an agent rather than a principal in these contracts hence there was no adjustment relating to this transaction.

2.4.2 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual

periods beginning on or after 8 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 retrospectively, with the initial application date of 8 January 2018 and adjusting the comparative information for the period beginning 8 January 2018.

The key impact of IFRS 9 is the measurement of the impairment provision relating to trade receivables. Under IFRS 9 the provision has been calculated using the expected credit loss model compared to the incurred loss model under IAS 39. This change has resulted in a decrease in the provision as follows:

	Group $	Company $
Credit risk reserve	13,372	-
Trade receivables	219,063	219,063
Deferred tax	(56,409)	(56,409)
Net impact on retained earnings	(176,026)	(162,654)

The change did not have material impact on the Group's operating, investing and financing cash flows and the basic and diluted EPS.

The nature of these adjustments are described below:

2.4.2.1. Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), held-to-maturity and amortised cost) have been replaced by:
Debt instruments at amortised cost.

The Group's classification of its financial assets and liabilities is explained in Notes 2.3.8. The quantitative impact of applying IFRS 9 as at 8 January 2018 is disclosed in Note 17.

2.4.2.2. Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 4.

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 4, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 11.

Reconciliations from opening to closing ECL allowances are presented in Notes 17.

2.5 Standards issued 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 those standards when they become effective.

IFRS 16: Leases

The International Accounting Standards board (IASB) issued IFRS 16 in January 2016 which requires lessees to recognize assets and liabilities for most leases on their balance sheets. Under the new standard, a lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. To be a lease, a contract must convey the right to control the use of the identified asset, which could be a physically distinct portion of an asset.

The standard will be effective for annual periods beginning on or after 1 January 2019.

The Group plans to use the modified retrospective approach when adopting IFRS 16 where the prior period statement of financial position is restated with the right of use asset and operating lease liability at the date of initial recognition. Any impact in the profit and loss will be adjusted directly on the opening balance of retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

During 2018, the Group has performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is expected to be, as follows:

Impact on the statement of financial position (increase/(decrease)) as at 06 January 2019:

Assets	US$
Property, plant and equipment (right-of-use assets)	5,432,135
Liabilities	
Lease liabilities	5,432,135
Net impact on retained earnings	(-)

Due to the adoption of IFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

3.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3.1.1 Consolidation of structured entities

The Group has consolidated the results of the Edgars Employee Share Trust Group and the ZimedGroup Employee Trust which have a shareholding in the Group. The substance of the relationship between the Group and these entities has been assessed and judgment made that they are controlled entities.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group.

3.2.1 Revaluation of property, plant and equipment

Land, buildings, plant and equipment are stated at revaluation less accumulated depreciation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ from its carrying amount. Refer note 13 for the carrying amount of property, plant and equipment and the estimates and assumptions used to determine the carrying amount of property, plant and equipment.

3.2.2 Useful lives and residual values of property, plant and equipment

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values. Refer accounting policy note 2.3.9 for more information on the useful lives of property, plant and equipment.

3.2.3 Share based payment transactions

The Group measures the cost of equity-based transactions with employees by reference to the fair value of the equity instruments issued. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

3.2.4 Taxes

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and interpretations of tax regulations by the responsible tax authority.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Further details on deferred taxes are disclosed in Note 14.

3.2.5. Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades,
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment,
- The segmentation of financial assets when their ECL is assessed on a collective basis,
- Development of ECL models, including the various formulas and the choice of inputs,
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs,
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3.2.6 Revenue recognition – Jet Thank U loyalty programme

The Group estimates the fair value of points awarded under the Jet Thank U programme by applying statistical techniques. Inputs to the model include points earned and redeemed during the year. Points issued under the programme do not expire. As at 6 January 2019, the estimated liability for unredeemed points was $361 895 (2017: $242 908).

4. SEGMENT INFORMATION

4.1 Reportable segments

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

Retailing

We retail our products through the following established brands:

Edgars: providing quality, fashion and convenient shopping at competitive prices to the whole family in the middle to upper-income groups. The brand offers fashion merchandise, with no compromise on quality, at competitive prices for the whole family. We offer competitive credit to our customers. Our pleasant, convenient stores offer our customers a superior shopping experience.

Jet: this brand provides quality, value and commercial fashion with compelling opening price points at very competitive prices to the whole family in the lower to middle income group. Our stores offer pleasant, economical shopping environments, laid out for self service; with assisted service available if needed.

Manufacturing

Carousel (Private) Limited is our manufacturing business unit. Situated in Bulawayo, it produces a wide range of denim, ladies', children's and gents' casual wear that it supplies to our retail divisions as well as to other retailers.

Micro Finance

Club Plus (Private) Limited is the Group's micro finance business unit. Club Plus offers micro finance loans to the lower to middle income customer group at competitive interest rates.

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 operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. All items that are not allocated to reporting segments are disclosed under Corporate.

Segment information by geographical area is not relevant as stores are spread throughout Zimbabwe. The entity does not have a customer that makes up more than 10% of Revenue.

Segment Information

6 January 2019	Edgars	Jet	Corporate	Manufacturing	Adjustments and Eliminations	Edgars Company	Manufacturing	Microfinance	Total Segments	Adjustments and Eliminations	Consolidated
Revenue											
External customers	45,716,550	30,451,263	-	348,573		76,516,386	-	1,602,357	78,118,743	-	78,118,743
Sale of merchandise	44,776,032	30,451,263		348,573		75,575,868			75,575,868		75,575,868
Edgars Club subscriptions	635,489					635,489			635,489		635,489
Hospital Cash Plan and funeral insurance commission	305,029					305,029			305,029		305,029
Interest income								1,602,357	1,602,357		1,602,357
Inter-segments	-	-	-	3,912,750	(3,912,750)	-	-	-	-	-	-
Total revenue	45,716,550	30,451,263	-	4,261,323	(3,912,750)	76,516,386	-	1,602,357	78,118,743	-	78,118,743
Results											
Depreciation & Amortisation	(558,066)	(295,945)	(1,023,211)	(89,619)		(1,966,841)	-	(14,930)	(1,981,771)	-	(1,981,772)
Taxation expense	-	-	(2,870,357)	-		(2,870,357)	-	(144,818)	(3,015,175)	-	(3,015,175)
Finance cost	-	-	(816,151)			(816,151)	-	(279,243)	(1,095,394)	279,243	(816,151)
Finance Income	4,247,251	2,290,890	305,147			6,843,288	-	50,424	6,893,712	(279,243)	6,614,469
Segment profit	12,492,650	6,947,086	(8,353,518)	(228,525)		10,857,693	-	651,059	11,508,752	4,523	11,513,275
Total assets	30,597,952	12,605,577	21,014,832	3,520,942		67,739,303	1	5,447,833	73,187,136	(4,869,500)	68,317,636
Total liabilities	(10,567,395)	(4,909,846)	(6,245,235)	(3,744,026)		(25,466,502)	-	(3,941,060)	(29,407,562)	3,869,502	(25,538,060)

7 January 2018	Edgars	Jet	Corporate	Manufacturing		Edgars Company	Manufacturing	Microfinance	Total Segments	Adjustments and Eliminations	Consolidated
Revenue											
External customers	39,579,066	24,068,687	-	-		63,647,753	366,938	91,853	64,106,545	-	64,106,544
Sale of merchandise	38,446,403	24,068,687				62,515,090	366,938		62,882,028	-	62,882,028
Edgars Club subscriptions	788,485					788,485			788,485	-	788,485
Hospital Cash Plan and funeral insurance commission	344,178					344,178			344,178	-	344,178
Interest income						-		91,853	91,853	-	91,853
Inter-segments	-	-	-	-		-	3,197,274	-	3,197,274	(3,197,274)	-
Total revenue	39,579,067	24,068,687	-	-		63,647,753	3,564,212	91,853	67,303,819	(3,197,274)	64,106,544
Results											
Depreciation & Amortisation	(441,956)	(240,455)	(1,039,519)	-		(1,721,930)	(96,009)	(2,090)	(1,820,029)	-	(1,820,029)
Taxation expense (restated)	-	-	(1,942,997)	-		(1,942,997)	(8,160)	-	(1,951,157)	50,142	(1,901,015)
Finance cost	-	-	(1,088,513)	-		(1,088,513)	-	(20,919)	(1,109,432)	20,919	(1,088,513)
Finance Income	5,540,574	2,157,331	22,964	-		7,720,869	-	-	7,720,869	(20,919)	7,699,950
Segment profit -restated	9,626,292	5,028,181	(8,482,792)	-		6,171,680	(1)	(106,485)	6,065,194	(185,380)	5,879,814
Total assets-restated	30,535,516	10,664,499	9,447,946	-		50,647,961	3,707,011	917,529	55,272,500	4,693,489	50,579,011
Total liabilities-restated	(5,393,261)	(2,405,898)	(12,185,279)	-		(19,984,438)	(3,715,170)	(924,014)	(24,623,622)	4,425,867	(20,197,755)

Adjustments and eliminations relate to intercompany sales, and intercompany balances

Edgars, Jet and Manufacturing revenue originates from the sale of merchandise, and Microfinance revenue originates from interest and fee income on loans and advances

*In 2017, Carousel (Private) Limited was a subsidiary but was divisionalised on the 8th of January 2018 (Note 32)

	Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $
5 Revenue				
The following is an analysis of the Group's revenue for the year (excluding investment revenue)				
Sale of merchandise	75,575,868	62,882,028	75,575,868	62,515,090
Retail sales	75,227,295	62,515,090	75,227,295	62,515,090
Manufacturing sales to third parties - local sales	327,753	366,938	327,753	-
- export sales	20,820	-	20,820	-
Edgars Club subscriptions	635,489	788,485	635,489	788,485
Hospital Cash Plan and funeral insurance commission	305,029	344,178	305,029	344,178
Interest income from Micro Finance Institution	1,602,357	91,853	-	-
	78,118,743	64,106,544	76,516,386	63,647,753
6 Other gains and losses				
Profit on disposal of plant & equipment	(84,030)	(38,163)	(84,030)	(38,163)
Net foreign exchange losses	60,644	155,048	60,644	154,967
	(23,386)	116,885	(23,386)	116,804
7 Profit before tax				
Profit for the period has been arrived at after charging (crediting):				
7.1 Auditors remuneration :				
Audit Fees	264,117	178,756	234,581	178,756
Fees for consulting & other services	159,337	178,446	159,337	178,446
	423,454	357,202	393,918	357,202
7.2 Depreciation expense				
Depreciation of property, plant and equipment	1,338,843	1,197,908	1,326,882	1,099,807
7.3 Amortisation expense				
Amortisation of intangible assets	642,929	622,121	639,961	622,121
7.4 Operating lease expenses :				
Land and buildings :				
Minimum lease payments	4,696,047	4,675,788	4,696,048	4,674,223
Contingent rents	498,531	301,116	498,531	301,116
Sublease receipts	(97,152)	(110,406)	(109,121)	(247,176)
	5,097,426	4,866,498	5,085,458	4,728,163
Further disclosures on leases have been provided in Note 23.				
7.5 Fees payable				
Legal and consultancy fees	671,467	674,040	650,027	667,264
Outsourcing of IT	22,603	152,245	22,603	152,245
	694,070	826,285	672,630	819,509

	Group		Company	
	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
7.6 Finance income				
Debtors interest charges	3,925,671	3,964,756	3,925,671	3,964,757
Late payment charges	2,662,894	3,733,148	2,612,470	3,733,148
Other interest received	25,903	2,045	25,903	2,045
Interest receivable-intercompany	-	-	279,243	20,920
	6,614,468	7,699,949	6,843,287	7,720,870
7.7 Finance costs				
Interest on debt and borrowings	816,151	1,088,513	816,151	1,088,513
7.8 Impairment of inter-company receivable	-	-	-	662,266
7.9 Rental income				
Rental income	97,152	110,406	109,121	247,176

Further disclosures on leases have been provided in Note 23.

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8 Directors and employees

8.1 Employees

The Group employed 585 (2017- 651) permanent employees of which 425 (2017-424) were employed in retailing, 4 (2017-2) in micro finance and 156 (2017- 225) in the manufacturing division.

The aggregate remuneration and associated cost of permanent and casual employees including directors was:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Salaries and wages	13,108,761	10,802,175	12,736,050	9,661,812
Pension contributions (note 8.3)	1,013,109	991,787	988,326	803,101
Medical aid contributions	357,555	401,935	351,702	338,085
	14,479,425	12,195,897	14,076,078	10,802,998

Permanent employees of the Group belong to various medical aid schemes run by independent medical aid societies.

8.2 Directors' emoluments

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Non executive directors :				
- Fees	139,700	137,800	117,600	116,800
Executive directors :				
- Remuneration	1,056,134	854,887	917,463	799,605
- Retirement and medical aid benefits	116,309	106,261	97,346	97,888
	1,312,143	1,098,948	1,132,410	1,014,293

8.3 Pension funds

The Group's operating companies and all employees contribute to both of the following pension funds :

Edgars Pension Fund

The Edgars Pension Fund is a defined contribution fund and provides pensions and other associated benefits for all employees on the permanent staff of the Group, their spouses and dependents. Member contributions to the fund are set at 5% whilst the employer rate is set at 12% of monthly pensionable salaries. Employer contributions are recognised in profit or loss. The Fund is governed by legislation in the Pension and Provident Funds Act, Chapter 24:09.

National Social Security Authority Scheme

The Group's obligations under the scheme are limited to specific contributions legislated from time to time and as promulgated under the National Social Security Authority Act, Chapter 17:04. These are 3.5% of pensionable monthly emoluments for each employee up to a maximum salary of $700 per month.

	Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $
Contributions to the above aforementioned funds charged against profit or (loss):				
Edgars Pension Fund	797,087	775,970	776,264	628,718
National Social Security Authority	216,022	215,818	212,062	174,383
	1,013,109	991,788	988,326	803,101

9 Share based payments

The expense recognised for employee services received during the year is shown in the following table:

	2018 $	2017 $	2018 $	2017 $
Expense arising from equity-settled share-based payment transactions	-	4,732	-	4,732
Expense arising from cash-settled share-based payment transactions	421,679	140,278	421,679	140,278
Gain on the derecognition of cash-settled share based payment scheme	(317,914)	-	(317,914)	-
Recognition of cash value plan	232,923	-	232,923	-
	336,688	145,010	336,688	145,010

The cash settled share option scheme was cancelled during the year and replaced by the Cash Value Plan. The Cash Value Plan is an employee benefit expense and is not based on the company's share price.

Employee equity settled share option scheme

The Group has an ownership-based compensation scheme for executives and senior employees. The following shares have been set aside for this plan, as approved by shareholders at previous annual general meetings.

Resolution date:	Shares set aside:
29 May 2007	15,000,000
10 June 2010	16,000,000
	31,000,000

Directors were authorised to grant options from shares set aside at their discretion.

Each employee share option converts into one ordinary share of Edgars Stores Limited on exercise. The options carry neither rights to dividends nor voting rights. Options must be exercised within 10 years of grant date but can only be exercised from the 2nd anniversary upon which a third can be exercised every year thereafter. Share options vest in full during the fourth year after grant date. The exercise price is determined as the mid-market price on the date the options were granted. The option is exercisable provided that the participant has remained in the Group's employ until the option vests. An exception is made where termination of employment is as a result of death or retirement. In such an event, options may be taken up and must be paid for within twelve months of such an event. In the event of a resignation, options which have vested may be taken up and paid for before expiration of notice period being served. Share options granted and forfeited can be granted at the directors' discretion in subsequent periods.

The following share-based payment arrangements were in existence during the current and prior years:

Share options granted

	Option series	Number	Grant Date	Expiry Date	Exercise price cents
1	Issued 29 June 2007	4,300,000	29/06/2007	28/06/2017	1.40
2	Issued 10 June 2008	5,350,000	10/06/2008	09/06/2018	0.30
3	Issued 9 July 2009	4,300,000	09/07/2009	08/07/2019	3.50
4	Issued 20 March 2010	1,050,000	20/03/2010	19/03/2020	3.50
5	Issued 11 June 2010	4,150,000	11/06/2010	10/06/2020	3.00
6	Issued 29 March 2011	4,233,333	29/03/2011	28/03/2021	8.80
7	Issued 14 March 2012	4,655,500	14/03/2012	13/03/2022	8.50
8	Issued 15 March 2013	4,550,000	15/03/2013	15/03/2023	12.19

There were no shares forfeited this year (2017:100 000). There have been no cancellations or modifications to any of the plans during 2018 and 2017. Cancelled and forfeited options are issued to other employees and are included in the share options granted above.

The fair value at grant date was determined by applying the Black Scholes Option Pricing Model. Options granted prior to the change in functional currency were treated as if the grant date was the change in functional currency date. The vesting period was determined as being that period remaining until vesting conditions have been met.

Movements in the year

The following table illustrates movement in the number (No.) of share options during the year:

	52 weeks to 6 January 2019 No.	52 weeks to 6 January 2019 WAEP USc	52 weeks to 7 January 2018 No.	52 weeks to 7 January 2018 WAEP USc
Outstanding at the beginning of the period	14,909,768	8.47	15,488,168	8.31
Granted during the year	-		-	
Forfeited during the year	-	-	(100,000)	(0.01)
Exercised during the year	-	-	(478,400)	0.03
Outstanding at the end of the period	14,909,768	8.52	14,909,768	8.47
Exercisable at the end of the period	14,909,768		14,909,768	
Weighted average remaining contractual life (years)	4.44		4.5	

Share Appreciation Rights (Cash Settled share options)

This scheme was cancelled during the current period. In prior years, the Group's senior management employees were granted share appreciation rights (SARs), settled in cash. The SARs would have vested when specified performance criteria were met within three years from the date of grant provided the employee was employed by the Group at the vesting date. The share options could have been exercised up to six years after the grant date and therefore, the contractual term of the SARs was six years. Fair value of the SARs were measured at the prior reporting date using a binomial/ Black Scholes option pricing model. The SARs were measured using intrinsic value in November 2018, on cancellation date, and the associated liability was derecognised and a gain on replacement of the scheme with the CVP was recognised in profit or loss.

The carrying amount of the liability relating to the SARs at 6 January 2019 was $Nil (7 January 2018- $148 514)

5 000 000 SARs had vested as at 6 January 2019 (7 January 2018-1 666 666). No SARs had been forfeited at 6 January 2019 and 7 January 2018, respectively.

There were no cancellations or modifications to the awards in 2017, however, the SARs were cancelled during the current year.

Expected volatility is determined based on historical volatility which is calculated from past returns of a security up to grant date.

Inputs to the valuation model for the SARs for the years ended 6 January 2019 and 7 January 2018 respectively:

	52 weeks to 8 January 2017	52 weeks to 7 January 2018	52 weeks to 6 January 2019
6 January 2019			
Weighted average fair values at the measurement date (Usc)	1.41	1.41	-
Expected Volatility	15%	15%	0%
Risk free interest rate	10%	10%	0%
Expected Dividend Yield	0%	0%	0%
Expected Life (years)	3.75	3.75	-
7 January 2018			
Weighted average fair values at the measurement date (Usc)	1.41	1.47	
Expected Volatility	15%	15%	
Risk free interest rate	10%	10%	
Expected Dividend Yield	0%	0%	
Expected Life (years)	3.75	3.75	

Movements in the year

The following table illustrates movement in the number (No.) of share options during the year:

	52 weeks to 6 January 2019 No.	52 weeks to 6 January 2019 WAEP USc	52 weeks to 7 January 2018 No.	52 weeks to 7 January 2018 WAEP USc
Outstanding at the beginning of the period	20,000,000	0.02	15,000,000	0.02
Granted during the year	5,000,000	0.07	5,000,000	0.01
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	(25,000,000)			
Outstanding at the end of the period	-	0.09	20,000,000	0.02
Exercisable at the end of the period	-		1,666,667	
Intrinsic value of SAR that have vested at the end of the period	-		45,000	

		Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $
10	**Taxes**				
	Taxes recognised in profit or loss				
	Tax comprises:				
	Current tax in respect of the current year -withholding tax	(1)	(45)	(1)	(45)
	-normal tax	(3,380,252)	(1,294,903)	(3,209,969)	(1,294,903)
	Deferred tax relating to the origination and reversal of temporary differences	365,078	(606,066)	339,613	(648,049)
		(3,015,175)	(1,901,014)	(2,870,357)	(1,942,997)
	Taxes recognised in other comprehensive income				
	Deferred tax recognised on revaluation of property, plant and equipment	(1,685,059)	-	(1,660,116)	-
	The charge for the year can be reconciled to the accounting profit as follows:				
	Profit/(loss) before tax for the period:	11,513,275	5,879,814	10,867,161	6,171,681
	Tax calculated at 25.75% (inclusive of AIDS levy)	(2,964,668)	(1,514,052)	(2,798,294)	(1,589,208)
	Effect of revenue exempt from taxation	-	526	-	526
	Effect of expenses which are not tax deductible	(60,405)	(221,938)	(71,095)	(236,612)
	Effect of permanent differences relating to passenger motor vehicles in the current year	(11,455)	(10,601)	(11,455)	6,170
	Unrecognised deferred tax in respect of subsidiary losses	-	(33,482)	-	-
	Recoupment not taxable	41,169	-	41,169	-
	Utilisation of unrecognised deferred tax asset	26,490	-	-	-
	Recognition of unused tax loss not previously recognised	(48,489)	-	(48,489)	-
	Effect of unrealised profit from divisionalisation	-	2,406	-	-
	Withholding taxes	-	(45)	-	(45)
	Prior year error (note 30)		(123,828)	17,807	(123,828)
	Recognition of unused tax loss not previously recognised	2,182	-	-	-
	Tax charge recognised in profit or loss	(3,015,176)	(1,901,014)	(2,870,357)	(1,942,997)

Expenses which are not tax deductible include donations, fines and penalties, excess pension fund contributions and disallowed interest.

		000's	000's	000's	000's
11	**Earnings per share**				
11.1	**Weighted average number of ordinary shares (basic)**				
	Issued ordinary shares at the beginning of the period	294,528	294,050	294,528	294,050
	Effect of treasury shares (note 18.1.1)	(36,475)	(36,475)	(36,475)	(36,475)
	Effect of share options exercised	-	40	-	40
	Weighted average number of ordinary shares used in calculating earnings per share	258,053	257,615	258,053	257,615
11.2	**Weighted average number of ordinary shares (diluted)**				
	Weighted average number of ordinary shares (basic)	258,053	257,615	258,053	257,615
	Effect of share options on issue	1,065	1,065	1,065	1,065
	Weighted average number of ordinary shares (diluted)	259,118	258,680	259,118	258,680


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	Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $

11.3 Attributable basis

	$	$	$	$
Profit attributable to ordinary shareholders	8,498,100	3,978,799	7,996,804	4,228,684
Adjustments to basic earnings	-	-	-	-
Profit adjusted for cost of dilutive instruments	8,498,100	3,978,799	7,996,804	4,228,684
Basic earnings per share (cents)	3.29	1.54	3.10	1.64
Diluted earnings per share (cents)	3.28	1.54	3.09	1.63

12 Cash flow

12.1 Non-cash items

Share based payment expense	336,688	145,010	336,688	145,010
Depreciation	1,338,843	1,197,909	1,326,882	1,099,807
Inventory write-down	804,085	908,938	804,085	872,534
Amortisation of intangible assets	642,929	622,120	639,961	622,120
(Profit)/ loss on disposal of property, plant and equipment (note 6)	(84,030)	(38,163)	(84,030)	(38,163)
Allowance for credit losses - trade and other receivables	10,194	(386,317)	178,319	(547,317)
Allowance for credit losses - loans and advances to customers-recognised in profit & loss	77,971	3,739	-	-
Unrealised exchange (gain)/loss	(8,487)	-	(8,487)	-
Other non cash items	-	13,372	(194,726)	-
	3,118,193	2,466,608	2,998,692	2,153,991

12.2 Working capital requirements

Increase in inventories	(2,644,985)	(3,536,486)	(2,450,255)	(4,073,072)
(Increase)/Decrease in accounts receivable	(851,469)	1,078,856	(1,022,196)	994,248
Increase in loans and advances to customers	(3,696,606)	(660,684)	-	-
(Decrease)/increase in accounts payable	(99,423)	4,770,165	(145,186)	3,430,130
Increase in contract payables	106,334	80,910	106,333	80,910
	(7,186,149)	1,732,761	(3,511,304)	432,216

12.3 Taxation paid

Taxation liability at the beginning of the year	(891,034)	(1,299,090)	(891,033)	(1,299,090)
Current taxation provided (note 10)	(3,380,253)	(1,294,948)	(3,209,970)	(1,294,948)
Taxation liability at the end of the year	663,534	891,034	663,534	891,033
Taxation receivable at the end of the year	(38,030)	-	-	-
	(3,645,783)	(1,703,004)	(3,437,469)	(1,703,005)

12.4 Split of cash and cash equivalents

The Group's cash and bank balances are split as follows

USD balances	218,149		217,620	
ZAR balances	6,447		6,447	
RTGS balances	6,397,365		5,421,084	
	6,621,960		5,645,150	

The USD balances have been translated at a closing rate of 1RTGS : 1 USD

13 Property, plant and equipment	Land & Buildings $	Group Leasehold Improvements $	Furniture, fittings & equipment $	Computer equipment $	Motor Vehicles $	Plant & Machinery $	Total $
Cost or valuation							
Balance at 8 January 2017	1,494,338	2,643,367	3,200,654	1,328,298	823,769	694,563	10,184,988
Additions	-	471,417	480,978	161,622	110,510	21,451	1,245,978
Disposals	-	-	(850)	(941)	(35,800)	(3,050)	(40,641)
Balance at 7 January 2018	1,494,338	3,114,784	3,680,782	1,488,979	898,479	712,964	11,390,325
Additions	-	779,756	1,103,598	261,853	70,844	-	2,216,051
Disposals	-	(83,120	(58,335)	(27,587)	(37,389)	(5,280)	(211,711)
Revaluation adjustment	227,585	-	2,958,785	559,840	1,620,505	1,177,138	6,543,853
Transfer to intangible assets	-	-	-	(10,480)	-	-	(10,480)
Transfer on revaluation	(92,422)	-	(1,959,741)	(864,945)	(581,334)	(249,141)	(3,747,583)
Balance at 6 January 2019	1,629,501	3,811,420	5,725,088	1,407,660	1,971,105	1,635,681	16,180,455
Accumulated depreciation							
Balance at 8 January 2017	(30,835)	(1,128,599)	(1,139,414)	(347,970)	(260,537)	(105,762)	(3,013,117)
Current year expense	(30,794)	(269,279)	(365,262)	(278,419)	(180,335)	(73,820)	(1,197,908)
Eliminated on disposals of assets	-	-	421	726	18,232	889	20,268
Balance at 7 January 2018	(61,629)	(1,397,878)	(1,504,255)	(625,663)	(422,640)	(178,693)	(4,190,757)
Current year expense	(30,794)	(311,331)	(492,194)	(249,027)	(183,007)	(72,490)	(1,338,843)
Eliminated on disposals of assets	-	54,326	36,709	9,745	24,312	2,042	127,134
Transfer on revaluation	92,423	-	1,959,739	864,945	581,335	249,141	3,747,583
Balance at 6 January 2019	-	(1,654,884)	-	-	-	-	(1,654,884)
Net carrying amount at 6 January 2019	1,629,501	2,156,538	5,725,088	1,407,660	1,971,105	1,635,681	14,525,571
Net carrying amount at 7 January 2018	1,432,709	1,716,906	2,176,527	863,316	475,839	534,270	7,199,567

	Land & Buildings $	Company Leasehold Improvements $	Furniture, fittings & equipment $	Computer equipment $	Motor Vehicles $	Plant & Machinery $	Total $
Balance at 8 January 2017	1,494,339	2,637,501	3,060,393	1,282,137	726,163	257,783	9,458,316
Additions	-	444,803	453,137	139,955	93,006	21,451	1,152,352
Disposals	-	-	(850)	(941)	(35,800)	(3,050)	(40,641)
Balance at 7 January 2018	1,494,339	3,082,304	3,512,680	1,421,151	783,369	276,184	10,570,027
Additions	-	779,306	1,100,695	244,622	43,597	-	2,168,220
Carousel assets on divisionalisation	-	2,665	74,249	31,232	33,897	326,667	468,711
Disposals	-	(83,119)	(58,335)	(27,587)	(37,389)	(5,280)	(211,711)
Revaluation adjustment	227,585	-	2,920,434	533,079	1,588,751	1,177,138	6,446,987
Transfer on revaluation	(92,423)	-	(1,890,234)	(839,496)	(497,375)	(139,029)	(3,458,557)
Balance at 6 January 2019	1,629,501	3,781,156	5,659,489	1,363,000	1,914,850	1,635,680	15,983,677
Accumulated depreciation							
Balance at 8 January 2017	(30,836)	(1,125,985)	(1,089,275)	(337,917)	(203,306)	(40,934)	(2,828,253)
Current year expense	(30,794)	(268,658)	(348,696)	(266,770)	(156,352)	(28,537)	(1,099,807)
Eliminated on disposals of assets	-	-	421	726	18,232	889	20,268
Balance at 7 January 2018	(61,630)	(1,394,643)	(1,437,550)	(603,961)	(341,426)	(68,582)	(3,907,792)
Current year expense	(30,794)	(308,665)	(489,393)	(245,280)	(180,260)	(72,490)	(1,326,882)
Eliminated on disposals of assets	-	54,326	36,709	9,745	24,312	2,042	127,134
Transfer on revaluation	92,424	-	1,890,234	839,496	497,374	139,030	3,458,557
Balance at 6 January 2019	-	(1,648,982)	-	-	-	-	(1,648,983)
Net carrying amount at 6 January 2019	1,629,501	2,132,173	5,659,490	1,363,000	1,914,850	1,635,680	14,334,694
Net carrying amount at 7 January 2018	1,432,709	1,687,661	2,075,130	817,190	441,943	207,602	6,662,235

13.1 Property plant and equipment carried at fair value

The fair value of property, plant and equipment was determined by a director's valuation. The exercise was carried out with the use of independent valuers and experts as detailed below.

Land and buildings

As at 6 January 2019, fair values of the properties was determined by using the market comparable method for residential properties and the income approach for commercial properties. In the market comparable method, valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The income approach involves capitalising future revenue streams to determine the price an investor would be willing to pay for the property.

			Range	
	Valuation technique	Significant unobservable inputs	52 weeks to 6 January 2019	52 weeks to 7 January 2018
Residential property	Market comparable method	Price per square meter	$60 to $271	$5.5 to $10
Commercial property	Income approach	Capitalisation rate	13% to 18%	12% to 17%

Significant increases/ (decreases) in the price per square metre in isolation would result in a significantly higher/(lower) fair value, whereas significant increases/ (decreases) in the capitalisation rate would result in a (lower)/ higher fair value.

The carrying value of land and buildings as at 6 January 2019 is split as follows:		
Residential property	281,478	289,085
Commercial property	1,120,436	1,143,624
	1,401,914	1,432,709

Plant and machinery, furniture, fixtures, equipment and vehicles

An independent professional valuation of the Group's plant and machinery, furniture, fixtures, office and computer equipment and vehicles was performed on 6 January 2019 to determine the fair value. The valuation was done on a depreciated replacement cost basis.

Description of valuation techniques used and key inputs to valuation on plant, equipment, furniture, fittings and vehicles:

	Valuation technique	Significant unobservable inputs
Plant, equipment, furniture, fittings and vehicles	Depreciated replacement cost	Gross replacement cost for similar assets
		Remaining useful life
		Residual value

Fair value hierarchy disclosures for property, plant and equipment have been provided in Note 22.

Refer note 21.3 for plant and equipment pledged as security for loans and borrowings.

14 Deferred tax balances

Group									
Temporary differences	Opening balance at 9 January 2017 $	Recognised in profit or loss $	Recognised directly in equity $	Recognised directly in other comprehensive income $	Closing balance at 7 January 2018 $	Recognised in profit or loss $	Recognised directly in equity $	Recognised directly in other comprehensive income $	Closing balance at 6 January 2019 $
Property, plant and equipment and intangible assets	(1,618,064)	14,685	-	-	(1,603,379)	113,287	-	(1,685,059)	(3,175,151)
Accruals	61,331	(32,558)	-	-	28,773	620,637	-	-	649,411
Section 18 instalment allowances	(1,191,898)	(580,116)	-	-	(1,772,014)	(321,524)	-	-	(2,093,538)
Unrealised profit in inventory-current year		50,142			50,142	1,165		-	51,307
Write-off of Carousel deferred tax	-	-	-	-	-	-	-	-	-
Change in accounting policy-IFRS 9	-	-	(56,409)	-	(56,409)	-	-	-	(56,409)
Other *	127,874	-	-	-	127,874		-	-	127,874
	(2,620,757)	(547,847)	(56,409)	-	(3,225,013)	413,565	-	(1,685,059)	(4,496,506)
Tax losses and credits									
Tax losses	139,261	-	-	(58,219)	81,042	(48,489)	-	-	32,553
	(2,481,496)	(547,847)	(56,409)	(58,219)	(3,143,971)	365,076	-	(1,685,059)	(4,463,953)

Company									
Temporary differences	Opening balance at 9 January 2017 $	Recognised in profit or loss $	Recognised directly in equity $	Recognised directly in other comprehensive income $	Closing balance at 7 January 2018 $	Recognised in profit or loss $	Recognised directly in equity $	Recognised directly in other comprehensive income $	Closing balance at 6 January 2019 $
Property, plant and equipment	(1,461,038)	11,679	-	-	(1,449,359)	117,985	-	(1,660,116)	(2,991,490)
Accruals	101,047	(38,154)	-	-	62,894	590,475	-	-	653,369
Section 18 instalment allowances	(1,193,969)	(621,574)	-	-	(1,815,543)	(321,524)	-	-	(2,137,067)
Unrealised profit in inventory-prior year	-	-	-	-	-	-	-	50,142	50,142
Unrealised profit in inventory-current year	-	-	-	-	-	1,165	-		1,165
Write-off of Carousel deferred tax	-	-	-	-	-	-	-	(8,160)	(8,160)
Change in accounting policy-IFRS 9	(56,409)	-	-	-	(56,409)	-	-		(56,409)
Other *	72,464	-	-	-	72,464	-	-	-	72,464
	(2,537,905)	(648,049)	-	-	(3,185,953)	388,101	-	(1,618,134)	(4,415,986)
Tax losses and credits									
Tax losses	-	-	-	-	-	(48,489)	-	-	(48,489)
	(2,537,905)	(648,049)	-	-	(3,185,953)	339,612	-	(1,618,134)	(4,464,475)

* "Other" comprises timing differences relating to prepayments and stationary stock.

14 Deferred tax balances (continued)

	Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $
Reflected in the statement of financial position as follows:				
Deferred tax asset	25,465	-	-	-
Deferred tax liability	(4,489,417)	(3,143,971)	(4,464,474)	(3,185,954)
	(4,463,951)	(3,143,971)	(4,464,474)	(3,185,954)

The deferred tax asset has been recognised to the extent which future taxable income will be available against which the temporary differences can be utilised before expiry.

The existence of future taxable income is supported by:

Tax losses for which no deferred tax asset has been recognised amount to $ Nil (2017- $ 97,968)

	expiry date	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
\`			
Tax loss in respect of 2018 year end	31 December 2023	-	97,968
		-	97,968

15 Intangible assets

	Group Enterprise Resource Planning costs $	Group Other $	Group Total $	Company Enterprise Resource Planning costs $	Company Total $
Cost at 8 January 2017	2,908,236	-	2,908,236	2,908,236	3,068,236
Purchased during year	-	-	-	-	-
Cost at 7 January 2018	2,908,236	-	2,908,236	2,908,236	2,908,236
Purchased/ acquired during the year	-	-	-	-	-
Transferred from Property,plant and equipment		10,480	10,480	-	-
Cost at 6 January 2019	2,908,236	10,480	2,918,716	2,908,236	2,908,236
Accumulated amortisation at 8 January 2017	(326,861)	-	(326,861)	(326,861)	(326,861)
Amortisation	(622,121)	-	(622,121)	(622,121)	(622,121)
Accumulated amortisation and impairment at 7 January 2018	(948,982)	-	(948,982)	(948,982)	(948,982)
Amortisation	(639,961)	(2,968)	(642,929)	(639,961)	(639,961)
Accumulated amortisation and impairment at 6 January 2019	(1,588,943)	(2,968)	(1,591,911)	(1,588,943)	(1,588,943)
Carrying amount at 6 January 2019	1,319,293	7,512	1,326,805	1,319,293	1,319,293
Carrying amount at 7 January 2018	1,959,254	-	1,959,254	1,959,254	1,959,254

The other intangible asset relates to the micro finance operating software and website development and is amortised over 5years.

	Group		Company	
	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
16 Inventories				
Raw materials	2,407,077	2,291,465	2,407,077	-
Work in progress	79,004	41,031	79,004	-
Goods in transit	282,878	983,727	282,878	878,749
Merchandise	12,922,334	10,582,008	12,922,334	10,358,588
Consumable stores	294,276	246,440	294,276	94,780
	15,985,569	14,144,671	15,985,569	11,332,117
The amount of write-down of inventories recognised in cost of sales is:	-	-	-	-
Amount of reversal of inventory to net realisable value (NRV) is:	(26,392)	(75,305)	(26,392)	(75,305)
The reversal arose because the value of inventory written down to net realisable value in the current year is lower than it was prior year				
Amount of stock losses recognised in cost of sales is:	830,477	984,243	830,477	947,840
The value of inventory sold during the year, included as cost of sales is:	36,193,798	33,417,148	36,193,798	35,083,639

17 Trade and other receivables

Trade accounts receivable	26,193,357	24,678,180	26,193,357	24,381,060
Less: - Specific allowance for credit losses	(1,508,744)	(1,562,712)	(1,508,744)	(1,394,587)
Other accounts receivable	898,208	1,220,050	898,077	1,122,381
Less: - allowance for credit losses	(64,162)	-	(64,162)	-
	25,518,659	24,335,518	25,518,528	24,108,854
The movement in the allowance for credit losses is as follows:				
Opening balance	(1,562,712)	(2,168,092)	(1,394,587)	(2,160,969)
Decrease/(Increase) in allowance for credit losses	(10,194)	605,380	(178,319)	766,382
Closing balance	(1,572,906)	(1,562,712)	(1,572,906)	(1,394,587)

Refer note 21.2 for accounts receivables pledged as security for borrowings and loans.

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances:

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1 Individual $	Stage 2 Individual $	Stage 3 Individual $	Total $
Gross carrying amount as at 8 January 2018	**22,541,953**	**1,600,478**	**238,629**	**24,381,060**
New assets originated or purchased	3,663,444	72,549	827,138	4,563,131
Assets derecognised or repaid (excluding write offs)	(1,003,215)	(686,499)	(245,990)	(1,935,704)
Transfers to Stage 1	378,252	(375,616)	(2,636)	-
Transfers to Stage 2	(808,236)	808,412	(176)	-
Transfers to Stage 3	(59,609)	(15,837)	75,446	-
Amounts written off	(70,135)	(17,255)	(727,740)	(815,130)
At 6 January 2019	**24,642,454**	**1,386,232**	**164,671**	**26,193,357**

	Stage 1 Individual $	Stage 2 Individual $	Stage 3 $	Total $
ECL Allowances as at 8 January 2018	**923,241**	**374,424**	**96,923**	**1,394,588**
New assets originated or purchased	309,048	801	665,830	975,679
Assets derecognised or repaid (excluding write offs)	(132,755)	(165,621)	(82,482)	(380,858)
Transfers to Stage 1	34,413	(34,286)	(127)	0
Transfers to Stage 2	(179,685)	179,729	(44)	(0)
Transfers to Stage 3	(44,174)	(11,679)	55,853	-
Amounts written off	(1,761)	(3,933)	(474,971)	(480,665)
At 6 January 2019	**908,327**	**339,435**	**260,982**	**1,508,744**

Movements in the impairment allowances arising from trade receivables under IAS 39 over 2017 included $4,733,213 in charges and $1,182,038 in recoveries. Additionally, $3,003,856 impairment charges were derecognised as these were permanently written off.

Contractual amounts outstanding in relation to loans and advances that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 6 January 2019 and at 7 January 2018.

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 2.3.8

Credit terms offered to customers vary but do not exceed 12 months. The maximum credit period on sales of goods is 390 days. Interest is charged on accounts with payment terms in excess of 6 months to pay in the Edgars Chain and all credit customers in the Jet Chain. Additional late payment interest is charged at 4.5% per month on the outstanding balance for customers who default on their repayments. The Group has recognised an allowance for credit losses against all trade receivables based on the arrears records at the end of the period.

Other accounts receivable consist of payments in advance and amounts receivable from staff.

17.1 Loans and advances to customers

Loans and advances to customers	4,353,551	660,684	-	-
Less: - Specific allowance for credit losses-per IFRS 9	(77,971)	(3,739)	-	-
	-	-		
	4,275,580	656,945	-	-

The movement in the allowance for credit losses is as follows:	Group Total	Company Total
Opening balance	(3,739)	-
Increase in allowance for credit losses	(74,232)	-
Closing balance	(77,971)	-

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances:

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1 Individual $	Stage 2 Individual $	Stage 3 Individual $	Total $
Gross carrying amount as at 8 January 2018	**652,812**	**7,050**	**498**	**660,360**
New assets originated or purchased	7,947,574	5,593	9,475	7,962,642
Assets derecognised or repaid (excluding write offs)	(4,254,545)	(3,761)	(688)	(4,258,994)
Transfers to Stage 1	619	(619)	-	-
Transfers to Stage 2	(207,767)	207,767	-	-
Transfers to Stage 3	(114,834)	-	114,834	-
Amounts written off	-	(807)	(9,650)	(10,457)
At 6 January 2019	**4,023,859**	**215,223**	**114,469**	**4,353,551**

	Stage 1 Individual $	Stage 2 Individual $	Stage 3 $	Total $
ECL Allowances as at 8 January 2018	**3,513**	**79**	**146**	**3,739**
New assets originated or purchased	104,962	47	5,217	110,227
Assets derecognised or repaid (excluding write offs)	(30,297)	(112)	(250)	(30,659)
Transfers to Stage 1	-	(-)	-	-
Transfers to Stage 2	(3,206)	3,206	-	-
Transfers to Stage 3	(65,145)	-	65,145	-
Amounts written off	-	(5)	(5,330)	(5,335)
At 6 January 2019	**9,827**	**3,215**	**64,929**	**77,971**

Movements in the impairment allowances rising from loans and advances to customers under IAS 39 over 2017 included $3,739 in charges.

Contractual amounts outstanding in relation to loans and advances that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 6 January 2019 and at 7 January 2018.

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 2.3.8

Credit terms offered to customers vary but do not exceed 12 months. The maximum credit period on loans and advances is 360 days. Interest is charged on all advances. Additional late payment interest is charged at 4.5% per month on the outstanding balance for customers who default on their repayments. The Group has recognised an allowance for credit losses against all loans and advances receivable based on the arrears records at the end of the period. These loans relate to loans to customers of the new microfinance entity.

	Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $
18 Equity				
18.1 Share Capital				
Authorised ordinary share capital				
400 000 000 Ordinary shares of $0.0001 each	40,000	40,000	40,000	40,000

18.1.1 Issued ordinary shares and premium

	Number of shares 000s	Share capital $	Share premium $	Issued capital total $
Balance at 9 January 2017	294,050	29,406	361,932	391,338
Issue of shares under employee share option plan	478	48	14,304	14,352
Balance at 7 January 2018	294,528	29,454	376,236	405,690
Issue of shares under employee share option plan	-	-	-	-
Balance at 6 January 2019	294,528	29,454	376,236	405,690

Fully paid ordinary shares, carry one vote per share and carry a right to dividends.

Included in shares are shares held by special purpose entities - Zimedgroup Employee Trust (35 950 445 shares) and Edgars Employee Share Trust Company (524 150 shares).

In relation to the remaining 105 471 599 unissued shares, 100 000 000 are under the control of the Directors for an unlimited period, subject to the limitations contained in section 183 of the Companies Act (Chapter 24:03) and the balance of 5 471 599 are under the control of the shareholders in a general meeting.

	Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $
18.2 Other reserves				
Equity-settled employee benefits reserve	(1,008,965)	(1,008,965)	(1,008,964)	(1,008,965)
Revaluation reserve	(1,627,550)	(1,627,550)	(1,627,550)	(1,609,481)
Credit reserve	(272,458)	-	-	-
	(2,908,973)	(2,636,515)	(2,636,514)	(2,618,446)

Nature and purpose of reserves

Revaluation reserve

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

Equity -settled employee benefits reserve

The equity-settled employee benefits reserve is used to record the value of equity settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration.

Credit reserve

The Credit reserve relates to the difference between the allowance for credit losses calculated using the Reserve Bank of Zimbabwe requirements and the expected credit loss allowance calculated using IFRS 9 specifications.

		Group		Company	
		52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
19	Trade and other payables				
	Trade accounts payable	3,992,472	7,097,444	3,992,471	7,111,722
	Sundry accounts payable and accrued expenses	7,348,096	4,121,915	7,280,480	3,964,489
		11,340,568	11,219,359	11,272,951	11,076,211

Trade and other payables are interest-free. Payment terms range from 30 days to 120days.

Sundry accounts payable include franchise fees accrual, VAT and deferred revenue.

		Group 2019	Group 2018	Company 2019	Company 2018
19.1	Dividend payable				
	Dividend payable	352,623	-	352,623	-
		352,623		352,623	

A dividend of $0.33 per share ($971,946) was declared on 20 March 2018. $352,623 remained unpaid as at 06 January 2019.

		Group 2019	Group 2018	Company 2019	Company 2018
19.2	Contract payables				
	Laybye deposits	22,797	35,450	22,797	35,450
	Deferred Income	361,895	242,908	361,894	242,908
		384,692	278,358	384,691	278,358

The significant (increase/decrease) in contract liabilities in 2018 was mainly due to laybye settlement and the increase in the number of points generated by customers on the loyalty program.

	Group 2019	Group 2018	Company 2019	Company 2018
Amounts included in contract liabilities at the beginning of the year	278,358		278,358	
Performance obligations satisfied in previous years	106,333		106,333	

Laybye deposits relate to deposits paid by customers for the purchase of products in the Group's retail stores.

Deferred income relates to the value of loyalty points accumulated by customers when the purchase products in the Group's retail stores.

		Group		Company	
		52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
20	Current tax (receivables)/ liabilities				
	Normal tax	625,504	891,034	663,534	891,034
		625,504	891,034	663,534	891,034
	Disclosed in statement of financial position as follows:				
	Under current assets	(38,030)	-	-	-
	Under current liabilities	663,534	891,034	663,534	891,034
		625,504	891,034	663,534	891,034
21	Interest bearing loans and borrowings				
	Bank overdrafts	106,243	105,253	100,573	16,137
	Loans	8,200,985	4,559,778	8,200,985	4,559,778
		8,307,228	4,665,031	8,301,558	4,575,915
	Less: Long-term portion of loan disclosed under non-current liabilities	(3,653,570)	(2,289,011)	(3,653,570)	(2,289,011)
	Current portion	4,653,658	2,376,020	4,647,988	2,286,904

	Group		Company	
	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
21.1 Secured – at amortised cost				
Bank overdrafts	106,244	105,253	100,573	16,137
Loans	8,200,985	4,559,778	8,200,985	4,559,778
	8,307,229	4,665,031	8,301,558	4,575,915
	8,307,229	4,665,031	8,301,558	4,575,915

21.2 Summary of borrowing arrangements

(i) Secured with a Notarial General Covering Bond, Negative Pledge over plant and equipment (not currently utilised) and cession of debtors book of $11million (2017:$8million).

(ii) The weighted average effective interest rate on all the borrowings is 9.09% (2017 -9.35%) per annum.

(iii) Tenures range between 90 days and 3 years.

21.3 Reconciliation of loan movements

Opening balance	4,665,027	11,255,094	4,575,913	11,098,865
Opening overdraft balance from Carousel	-	-	89,116	-
Proceeds from borrowings	6,000,000	4,500,000	6,000,000	4,500,000
Repayment of borrowings	(2,357,802)	(11,090,067)	(2,363,473)	(11,022,952)
Closing balance	8,307,225	4,665,027	8,301,556	4,575,913

22 Fair value hierarchy

The following table provides the fair value hierarchy of the Group's assets measured at fair value.

Quantitative disclosures fair value measurement hierarchy for assets as at 6 January 2019:

	Fair value measurement using		Fair value measurement using	
	Significant unobservable inputs (Level 3) 52 weeks to 6 January 2019 $	Significant unobservable inputs (Level 3) 52 weeks to 7 January 2018 $	Significant unobservable inputs (Level 3) 52 weeks to 6 January 2019 $	Significant unobservable inputs (Level 3) 52 weeks to 7 January 2018 $
Assets measured at fair value:				
Land and buildings	1,629,501	1,432,709	1,629,501	1,432,709
Plant and machinery	1,635,681	534,270	1,635,680	207,603
Furniture, fittings and equipment	5,725,089	2,176,527	5,659,490	2,075,132
Computer equipment and software	1,407,660	863,316	1,363,000	817,189
Motor vehicles	1,971,104	475,839	1,914,850	441,942

Disclosure on property plant and equipment carried at fair value has been provided in Note 13.1

23 Leases

Group as a lessee

The Group has entered into commercial property leases on its property portfolio. The commercial property leases typically have lease terms between one and five years and include clauses to enable periodical upward revision of the rental charges according to prevailing market conditions. Rentals relate to leasing of premises and consist of basic rentals and turnover contingent rentals in the case of store premises. Sublease arrangements are operating lease arrangements where space which is excess to requirements has been sublet to third parties.

Future minimum rentals payable under operating leases are as follows:

	Group		Company	
	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
Within one year	3,098,456	3,242,108	3,098,456	3,242,108
After one year but not more than five years	2,597,715	2,534,269	2,597,715	2,534,269
More than five years	-	-	-	-
	5,696,171	5,776,377	5,696,171	5,776,377

Group as a lessor

Future minimum rentals receivable under operating leases are as follows:

	Group		Company	
	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
Within one year	72,000	13,464	82,476	17,844
After one year but not more than five years	5,700	-	47,604	8,760
More than five years	-	-	-	-
	77,700	13,464	130,080	26,604

24 Future capital expenditure

Commitments for capital expenditure not provided for in the financial statements are as follows:

Authorised and contracted for	-	700,000	-	700,000
Authorised but not yet contracted for	2,900,000	3,647,714	2,900,000	3,647,714
	2,900,000	4,347,714	2,900,000	4,347,714

All expenditure is to be financed from existing cash resources and the utilisation of authorised borrowing facilities.

25 Contingent liabilities

There are no guarantees. There is no litigation, current or pending which is likely to have a material adverse effect on the Group.

26 Financial risk management, objectives and policies

Financial risk management is carried out at Group level and covers risks to both the Group and Company.

The Group's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has trade and other receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Treasury, Credit and Audit Committees play a role by continuously evaluating the group's exposure and response to significant risks. Taking an acceptable level of risk is considered core to doing business. The Group therefore analyses, evaluates, accepts and manages risk to achieve an appropriate balance between risk and return, at the same time minimising potential adverse effects to the business.

The Board of Directors reviews and agrees policies for each of the risks, which are summarized below.

26.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk.

Financial instruments affected by market risk include borrowings and deposits. The objective of the treasury committee and financial services department is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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 amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Significant factors in managing the risk include the frequency, volatility and direction of rate of changes, the size of the interest-sensitive position and the basis for re-pricing at rollover dates. The Group's exposure to the risk of changes in market interest rates relates primarily to its medium to long-term debt obligations.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest-bearing debt with variable interest rates.

6 January 2019	Adjusted interest	Current year Interest	Impact on profit or loss gain/(loss)	Tax Effect	Impact on equity gain/(loss)
All figures in US$	$	$	$	$	$
Increase of 200 basis points in interest rates	996,867	816,151	(180,716)	(46,534)	(134,182)
Decrease of 200 basis points in interest rates	664,578	816,151	151,573	39,030	112,543

7 January 2018	Adjusted interest	Current year Interest	Impact on profit or loss gain/(loss)	Tax Effect	Impact on equity gain/(loss)
All figures in US$					
Increase of 200 basis points in interest rates	12,630	351,653	339,023	87,298	251,725
Decrease of 200 basis points in interest rates	8,420	351,653	343,233	88,382	254,851

26.2 Foreign 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 are denominated in a different currency from the Group's functional currency).

The carrying amount of foreign currency denominated monetary assets and liabilities at the reporting date for Group and Company were:

	52 weeks to 6 January 2019 NOSTRO FCA	52 weeks to 7 January 2018 NOSTRO FCA	52 weeks to 6 January 2019 South African Rand	52 weeks to 7 January 2018 South African Rand
Foreign denominated balances				
Assets				
Cash and cash equivalents	218,149	-	6,447	35,436
Liabilities				
Trade payables	-	-	-	(2,965,862)
Total net position	218,149	-	6,447	(2,930,426)
Impact of US$ strengthening by 10% -gain/(loss) in US$				
Impact on profit before tax	(1,322)		(39)	17,760
Impact of US$ weakening by 10% -gain/(loss) in US$				
Impact on profit before tax	1,616		48	(21,707)

26.3 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables, loans and advances to customers and cash deposits).

• Credit risk relating to cash deposits: The Group deposits cash with reputable banks. In addition the majority of these banks loaned money to the Group, with the borrowed amount exceeding our deposits. The maximum exposure to credit risk is equal to the carrying amounts disclosed in the Statement of Financial Position.

• Credit risk relating to trade receivables: The Group uses an internally developed credit assessment tool. Before accepting any new customer, the Group uses a robust credit scoring system to assess the customer's credit profile. Thereafter the customer is allocated a credit limit above which the customer cannot make further purchases on their account. Credit assessment tools are also applied to track the customer's credit performance during the time the group is exposed to the customer. Credit concentration risk is low due to a large and unrelated customer base.

• Credit risk relating to loans and advances to customers: The Group uses an internally developed credit assessment tool for each loan advanced. Before accepting any new customer, the Group uses a robust credit scoring system to assess the customer's credit profile. Thereafter the customer is allocated a loan limit above which the customer cannot borrow. Credit assessment tools are also applied to track the customer's credit performance during the time the group is exposed to the customer. The credit concentration risk is low due to a large and an unrelated customer base.

Limits and scoring attributed to customers are reviewed regularly. The maximum exposure to credit risk is the carrying amount of the receivables as shown in note 17.

Limits and behavioural scores attributed to customers are reviewed regularly. The maximum exposure to credit risk is the carrying amount of the receivables as shown in note 17 and 17.1

The ageing analysis of trade receivables are as follows:

	6-Jan-19				7-Jan-18
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	$	$	$	$	$
Internal ageing scale					
Performing					
Neither past due nor impaired	20,473,270	11,560	-	20,484,830	18,729,711
Past due but not impaired (<30 days)	4,169,184	3,185	-	4,172,369	3,772,436
Past due but not impaired (>30 days)	-	1,371,486	82	1,371,568	1,287,279
Non-Performing	-	-	-	-	-
Individually impaired	-	-	164,590	164,590	591,634
Total	24,642,454	1,386,231	164,672	26,193,357	24,381,060

Management has reviewed the credit quality of the balances in the "neither past due nor impaired" category and is satisfied that none of the debtors are likely to default. This view is supported by the trends and continuous assessment of key debtors ratios.

Loans and advances to customers

The ageing analysis of loans and advances are as follows:

	6-Jan-19				7-Jan-18
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	$	$	$	$	$
Internal ageing scale					
Performing					
Neither past due nor impaired	3,546,141	7,251	-	3,553,392	613,939
Past due but not impaired (<30 days)	477,718	-	-	477,718	42,010
Past due but not impaired (>30 days)	-	207,972	-	207,972	3,913
Non-Performing	-	-	-	-	-
Individually impaired	-	-	114,469	114,469	498
Total	4,023,859	215,223	114,469	4,353,551	660,360

26.3 Credit risk (continued)

Management has reviewed the credit quality of the balances in the "neither past due nor impaired" category and is satisfied of the relatively low probabilities that debtors are likely to default. This view is supported by the trends and continuous assessment of key debtors ratios.

Intercompany loan

The loan to the subsidiary is used to fund the debtors book. The Group expects to recover the amounts when the customers settle their dues.The Group is exposed to the extent that the subsidiary's debtors fail to honour their commitments. The credit risk specific to the loans and advances is as set out above.

26.3.1 Impairment assessment (Policy applicable from 8 January 2018)

The references below show how the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

26.3.2 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower/ debtor becomes 90 days past due on its contractual repayment obligations.

As a part of qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

» internal rating of the borrower indicating default or near-default
» whether the borrower is deceased
» whether the debtor is filing for bankruptcy application/protection

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

26.3.3 The Group's internal rating and Probability of Default (PD) estimation process

The PDs applied in the ECL computation are a result of the portfolio specific regression models. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplementary information that could affect the borrower's behaviour. These information sources are first used to determine the PDs within the Group's Basel framework.

PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. The IFRS 9 Stage classification of the exposure is determined by scores from the behavioral scorecard.

Consumer lending and short term loans

Consumer lending comprises unsecured personal loans. These products are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing

26.3.4 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. The Credit Conversion Factor (CCF) approach was used to determine EADs for each instrument.

26.3.5 Loss given default

The Group segments its retail lending products and loans and advances to customers into portfolios, based on product type and key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics. The discounted cashflow recoveries are compared to the default balances of defaulted accounts to determine the recovery rate and hence the LGD.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each portfolio of financial instruments. When assessing forward-looking information to assess the interaction of the recovery rates and LGDs to the macroeconomic variables, the key inputs involve changes in consumer price index, inflation, GDP and other factors that are indicative of losses in the group.

26.3.6 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Group's independent Credit Risk Department operates its internal rating models that assigns grades to different clients. This information is combined together with other observable variables to form the IFRS 9 behavioural scorecards whose main variable is the days past due status of any given facility. The thresholds specified in the model documentations determines the transitions to stage 2 and 3 and Lifetime PDs are then determined for those that would have moved from Stage 1. This will result in facilities in Stage 1 recognizing a 12month ECL while instruments in Stage 2 and 3 recognizing a Lifetime ECL. The probability-weighted ECL is then determined considering the base, best and worst case scenarios.

26.3.7 Grouping financial assets measured on a collective basis EDTF 3

The ECLs for all instruments are calculated per individual and results consolidated at portfolio level.

26.4 Liquidity risk

The Group manages the liquidity risk by ensuring that there is adequate capacity in the form of facilities.

	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
Unutilised banking facilities:		
Total banking and loan facilities	14,659,778	14,659,778
Actual interest bearing debt (note 21)	(8,307,229)	(4,665,031)
Unutilised banking facilities	6,352,549	9,994,747

Borrowing capacity:

The aggregate amount of the Group's year-end interest - bearing debt is limited to an amount determined in terms of the Company's Articles of Association. This limit is calculated as the aggregate of shareholders' equity, inventories and debtors.

Maximum permissible interest bearing debt	83,544,708	69,425,907
Actual interest bearing debt (note 21)	(8,307,229)	(4,665,031)
	75,237,479	64,760,876
Cash and cash equivalents	6,621,957	2,296,428
Unutilised borrowing capacity	81,859,436	67,057,304

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments

Group	On demand	less than 3mths	3-12 mths	1-5years	Total
6 January 2019					
Interest bearing loans and borrowings	106,244	767,527	3,500,419	4,889,241	9,263,431
Trade and other payables	-	11,340,567	-	-	11,340,567
	105,253	12,217,281	1,222,749	3,023,131	16,568,414
7 January 2018					
Interest bearing loans and borrowings	105,253	719,564	1,222,749	3,023,131	5,070,697
Trade and other payables	-	11,497,717	-	-	11,497,717
	3,144,088	9,293,832	6,067,800	333,503	18,839,222

Company	On demand	less than 3mths	3-12 mths	1-5years	Total
6 January 2019					
Interest bearing loans and borrowings	100,573	767,527	3,500,419	4,889,241	9,257,761
Trade and other payables	-	11,272,951	-	-	11,272,951
	100,573	12,040,478	3,500,419	4,889,241	20,530,712
7 January 2018					
Interest bearing loans and borrowings	16,137	719,564	1,222,749	3,023,131	4,981,581
Trade and other payables	-	11,354,569	-	-	11,354,569
	16,137	12,074,133	1,222,749	3,023,131	16,336,150

26.5 Management of Capital

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders or issue new shares.

The Group manages equity and borrowings as capital. The amount of capital as at 6 January 2019 was $46 660 850 (7 January 2018 (restated): $35 046 290).

The Group monitors capital on the basis of the gearing ratio and level of borrowings and this is calculated as interest-bearing debt, divided by shareholder's equity. During the period, the Group's strategy was to maintain a gearing ratio of below 1. As at 6 January 2019 the gearing was 0.24 (7 January 2018: 0.15)

27 Interests of directors in share capital

The interests, direct and indirect of the directors in office, aggregated as to beneficial interest and non-beneficial interest are as follows :

Directors Name	52 weeks to 6 January 2019 Beneficial	52 weeks to 6 January 2019 Non-beneficial	52 weeks to 7 January 2018 Beneficial	52 weeks to 7 January 2018 Non-beneficial
R Mlotshwa	4,000	100	4,000	100
C F Dube	-	100	-	100
V Mpofu	5,000	100	5,000	100
L Masterson	2,336,299	100	2,336,299	100
T N Sibanda	-	100	-	100
L L Tsumba	-	100	-	100
T N Ndlovu	-	-	-	-
J B Galloway	592,204	-	592,204	-
Nominees	-	300	-	300
	2,937,503	900	2,937,503	900

No changes in Directors' shareholdings have occurred between the financial year end and the date of publishing of this annual report.

During the course of the period, no director of the company had any material interest in any contract of significance with the company or any of its subsidiaries which would have given rise to a related conflict of interest.

	Group 52 weeks to 6 January 2019 $	Group 52 weeks to 7 January 2018 $	Company 52 weeks to 6 January 2019 $	Company 52 weeks to 7 January 2018 $
28 Related party disclosures (Group & Company)				
Compensation of key management personnel of the Group				
Short-term employee benefits	2,211,330	1,805,559	2,032,460	1,729,272
Pension and medical benefits	252,835	330,425	229,142	226,427
Share-based payment transactions	336,688	145,010	336,688	145,010
Total compensation paid to key management personnel	2,800,853	2,280,994	2,598,290	2,100,709

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

For further details on share options granted to key management personnel, refer to note 9.

Related party relationships exist between the Group, fellow subsidiaries and the holding company. All purchasing and selling transactions are concluded at arm's length.

All intra-group balances, income and expenses, unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Intercompany balances have no fixed repayment terms. Interest is charged on the Club Plus (Private) Limited loan at 11% per annum.

Transactions and balances between Edgars Stores Limited and Carousel (Private) Limited (wholly owned subsidiary)

Transactions		
Rental of premises	-	133,572
Purchases	-	3,197,274
Impairment of intercompany loan	-	662,266
	-	3,993,112
Balances		
Intercompany loan	-	3,496,599
	-	3,496,599

Carousel (Private) Limited was made a division of Edgars Stores Limited with effect from 08 January 2018.

Transactions and balances between Edgars Stores Limited and Club Plus (Private) Limited (wholly owned subsidiary)

Transactions		
Rental of premises	11,483	3,198
Interest on intercompany loan	279,243	20,919
	290,726	24,117
Balances		
Intercompany loan	3,936,067	901,289
Investment in subsidiary	1,000,000	100,000
	4,936,067	1,001,289

Transactions and balances between the Group and Edcon Holdings (Pty) Ltd (ultimate parent)

Transactions		
Franchise fees	754,044	536,001
Dividend declared	333,051	-
Balances		
Accrual for franchise fees	2,363,175	1,744,684
Dividend Payable	333,051	-

29 Investment in Subsidiary

	Group		Company	
	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $	52 weeks to 6 January 2019 $	52 weeks to 7 January 2018 $
Investment in Club Plus (Private) Limited	-	-	1,000,000	100,000.00

The Group increased its investment in Club Plus (Private) Limited, a wholly owned subsidiary by $900 000. This investment was contributed in cash.

30 Prior year errors

The prior year errors relate to the impact of incorrect application of tax legislation in the determination of the income tax expense for the financial periods ending 31 December 2011 to 2017. The incorrect application mainly relates to the treatment of leave pay accrual, staff meal allowances and withholding tax on franchise fees and was identified during a ZIMRA investigation for the financial periods ending 31 December 2011 to 2016. We applied for amnesty in 2018 and settled the liability in full.

The following is the impact of correcting the error on prior period presented financial statements;

	Group		Company	
	52 weeks to 7 January 2018 $	52 weeks to 8 January 2017 $	52 weeks to 7 January 2018 $	52 weeks to 8 January 2017 $
Decrease in retained earnings	946,176	822,348	946,176	822,348
Increase in tax liability	(946,176)	(822,348)	(946,176)	(822,348)
Increase in tax expense	123,828	-	123,828	-
Impact on basic Earnings Per share		(0.05)		
Impact on diluted Earnings Per share		(0.05)		

31 Report of the directors

This is contained in the Chairman's Report and Corporate Governance Report.

31 Going Concern assumption

The Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

32 Divisionalisation of Carousel (Private) Limited

The Directors made a decision to divisionalise Carousel (Private) Limited with effect from 08 January 2018. The net liabilities of Carousel (Private) Limited were transferred to Edgars Stores Limited.

The carrying values of assets and liabilities on the acquisition date were as follows:

Assets				
Property,plant & equipment	-	-	468,710	-
Inventory	-	-	3,007,281	-
Accounts receivable and prepayments	-	-	223,931	-
Trade & other payables	-	-	(121,295)	-
Cash and cash equivalents	-	-	7,090	-
Deferred tax liability	-	-	(8,160)	-
Bank overdraft	-	-	(89,116)	-
Net assets acquired	-	-	3,488,441	-
Loan balance written off	-	-	(3,496,598)	-
Loan on purchase	-	-	8,157	
	-	-	-	-
Cash acquired	-	-	7,090	-
Net cash outflow	-	-	7,090	-

33 Events after the reporting period

Functional Currency

As a result of the matters described under the determination of the functional currency paragraph on Note 2.1, subsequent to year end the following events took place:

In February 2019, the Reserve Bank of Zimbabwe ("RBZ") issued a monetary policy statement which established an inter-bank foreign exchange market to formalise the selling and buying of United States Dollars ("US$") through banks and bureau de change, in order to bring sanity in the foreign currency markets whilst at the same time promoting exports, diaspora remittances and foreign direct investment.

The trading of RTGS balances and bond notes with United States Dollars and other currencies is to be done on a willing-buyer willing-seller basis through banks and bureaus de change under the following framework:

i. Denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the current monetary balances and foreign currency. The RTGS dollars thus become part of the multi-currency system in Zimbabwe.
ii. The RTGS dollars shall be used by all entities (including government) and individuals in Zimbabwe for the purposes of pricing of goods and services, recording debts, accounting and settlement of domestic transactions.
iii. All foreign liabilities or legacy debts due to suppliers and service providers such as the International Air Transport Association ("IATA") and declared dividends shall be treated separately after registering such transactions with sufficient information that will allow the Reserve Bank to determine the roadmap for orderly expunging the legacy debt.
iv. Foreign currency requirements for Government expenditure and other essential commodities that include, fuel, cooking oil, electricity, medicines and water chemicals shall continue to be made available through the existing letters of credit facilities and/or the Foreign Exchange Allocations Committee.

Subsequent to the Monetary Policy Statement announcement, the Ministry of Finance issued Statutory Instrument 33 of 2019, which formalised the recognition of RTGS Dollars as a separate currency. The following measures were put in place;

(a) Real Time Gross Settlement system balances expressed in the United States dollar (other than foreign currency denominated loans and borrowings and funds in United States Dollar denominated "Nostro Accounts"), immediately before the 22nd of February 2019 ("the effective date"), shall from the effective date be deemed to be opening balances in RTGS dollars at par with the United States dollar; and
(b) The electronic currency shall be legal tender within Zimbabwe from the effective date; and
(c) for accounting and other purposes, all assets and liabilities that were, immediately before the effective date, valued and expressed in United States dollars (other than foreign currency denominated loans and borrowings and funds in United States Dollar denominated "Nostro Accounts") shall on and after the effective date be deemed to be values in RTGS dollars at a rate of one-to-one to the United States dollar; and
(d) that after the effective date any variance from the opening parity rate shall be determined from time to time by the rate at which authorised dealers under the Exchange Control Act exchange the RTGS Dollar for the United States dollar on a willing-seller willing-buyer basis; and
(e) that every enactment in which an amount is expressed in United States dollars shall, on and after effective date, be construed as reference to the RTGS dollar, at parity with the United States dollar, that is to say, at a one-to-one rate.
(f) From the effective date the bond notes and coins referred to in the Reserve Bank of Zimbabwe Amendment Act, 2017 (No. 1 of 2017) shall continue to be legal tender within Zimbabwe, exchangeable with the RTGS dollar at parity with each bond note unit, that is to say, at a one-to-one rate.

These developments resulted in the introduction of the RTGS dollar, which becomes a currency separate from the United States Dollar. This currency will be represented by the RTGS balances and bond notes in circulation. The value of this currency will be determined using the foreign exchange markets. As a result, the values of the Group and Company's assets, liabilities, income and expenses will be re-denominated depending on the currency that the transactions were undertaken. The rate of translation would be determined using the prevailing observable exchange rates at the respective transaction and reporting dates

33.1 Brand Purchase

At an Extra Ordinary General Meeting on the 16th of January 2019, the Company's shareholders approved the acquisition of the intellectual property rights to trademarks and brands assigned to Edgars Stores Limited by Edcon Limited for the territory of Zimbabwe (constituting a related party transaction in terms of the ZSE listing requirements) for a consideration of US$1 500 000 to be settled through the issue of 15 000 000 Edgars Stores Limited ordinary shares.

33.2 Dividend Declaration

The Board has declared a final dividend of 0.5 cents per share to shareholders reflected in the company's register on the record date being 3 May 2019.
Shares will trade cum-div until 30 April 2019 and ex-div from 1 May 2019. The payment date is on or about 17 May 2019.

Shareholders will have an option to receive their dividend wholly in cash or take their dividend entitlement in the form of shares. The offer price to the shareholders has been determined by the share price on the date of this announcement.

Details of the maximum number of shares each shareholder is entitled to and the procedure to be used in electing to take up this scrip dividend offer are set out in the form of election which will be posted to shareholders.

Analysis of Ordinary Shares

	Shareholding Analysis		Member Analysis	
Volume	Shares	%	Holders	%
1-5000	1 052 634	0.36	861	70.34
5001-10000	601 530	0.2	85	6.94
10001-25000	1 545 798	0.52	98	8.01
25001-50000	1 331 047	0.45	36	2.94
50001-100001	1 995 680	0.68	28	2.29
100001-200000	4 692 369	1.59	35	2.86
200001-500000	11 276 335	3.83	35	2.86
500001-1000000	14 144 907	4.80	20	1.63
1000001 and Above	257 888 638	87.56	26	2.12
Total	294 528 938	100.00%	1 224	100%

INDUSTRY	SHARES	SHARES %	HOLDERS	SHAREHOLDERS %
FOREIGN COMPANIES	112 138 510	38.07	1	0.08
PENSION FUNDS	50 964 997	17.30	108	8.82
CHARITABLE AND TRUSTS	36 339 625	12.34	12	0.98
FOREIGN NOMINEE	30 926 756	10.5	8	0.65
LOCAL COMPANIES	29 896 517	10.15	95	7.76
INSURANCE COMPANIES	15 897 765	5.4	4	0.33
LOCAL NOMINEE	8 764 453	2.98	33	2.7
LOCAL INDIVIDUAL RESIDENT	8 368 293	2.84	890	72.71
CHARITABLE	529 760	0.18	02	0.16
NEW NON RESIDENT	254 131	0.09	32	2.61
FOREIGN INDIVIDUAL RESIDENT	199 300	0.07	4	0.33
GOVERNMENT/QUASI	146 834	0.05	01	0.08
OTHER INVESTORS & TRUSTS	53 675	0.02	11	0.90
DECEASED ESTATES	43 337	0.01	12	0.98
FUND MANAGERS	3 219	0.00	2	0.16
BANKS	1 066	0.00	2	0.16
DIRECTOR	700	-	7	0.57
Totals	294 528 938	100.00	1 224	100.00

Shareholders Financial Calendar

Financial Year Ending 6 January 2019

Interim Results for the Half Year ending 8 July 2018	Published	18 September 2018
Analysts Briefing and Announcement of Results		27 March 2019
Notice to Shareholders		June 2019
Annual Report including Annual Financial Statements	Published	June 2019
Annual General Meeting		11 July 2019

Financial Year Ending 5 January 2020

Interim Results for the Half Year ending 7 July 2019	Published	September 2019
Analysts Briefing and Announcement of Interim Results		September 2019
Analysts Briefing and Announcement of Results for Financial Year 2018		March 2020
Annual Report including Annual Financial Statements	Published	May 2020
Annual General Meeting		July 2020

NOTICE TO MEMBERS

Notice is hereby given that the 70th Annual General Meeting of members will be held at Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo, 11th July 2019 at 09.00 hours. Following is the Agenda for the meeting:-

Ordinary Business

1. To approve minutes of the Annual General Meeting held on 7th of June 2018.

2. To receive and adopt the annual financial statements and reports of the directors and auditors for the financial year ending 6 January 2019.

NB: The full annual report can be viewed online at www.edgars.co.zw

3. To appoint directors in accordance with the provisions of the Group's Articles of Association.

   3.1 Mr. J.B. Galloway retires from the Board on 30 June 2019.
   3.2 Mr. G. Pattison resigns from the Board at this Annual General meeting.
   3.3 Dr L.L. Tsumba retires by rotation and being eligible he offers himself for re-election.
   3.4 Mr R. Mlotshwa retires by rotation and being eligible he offers himself for re-election.
   3.5 Mr V. Mpofu retires by rotation and being eligible he offers himself for re-election.

4. To approve the remuneration of the directors for the year ended 6 January 2019.

5. To appoint auditors for the ensuing year and to approve their remuneration for the past year.

By order of the Board

30 May 2019
Group Secretary

Each member is entitled to appoint one or more proxies (whether a member/s of the Group or not) to attend, speak and vote at the meeting in his/her stead.

Please complete the Proxy form available on the website to appoint a proxy. Visit www.edgars.co.zw

Duly completed Proxy forms must be lodged with or posted to the Group Secretary, Edgars Stores Limited, 9th Avenue/ Herbert Chitepo, Bulawayo or the Transfer Secretary, Corpserve Registrars (Pvt) Ltd at Corner Kwame Nkrumah/1st Street P.O Box 2208, Harare and to be received by not later than 0900hrs on 9th July 2019.

EDGARS STORES LIMITED
("the company")
FORM OF PROXY

For use by members at the Annual General Meeting of the Group to be held on 11th July 2019 at 09.00 hours

I/We ____

being the holder/s of ordinary shares in the company, appoint (see Note 1)
1 ____ or failing him/her
2 ____ or failing him/her
3 the chairman of the Annual General Meeting:

as my/our proxy to act for me/us at the Annual General Meeting, which will be held at the Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo on Thursday, 11th of July 2019 at 09.00 hours for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, to vote for or against the resolutions with or without modification, and/or to abstain from voting thereon in respect of the ordinary shares in the issued share capital of the Group registered in my/our name/s in accordance with the following instruction (see Note 2).

Each member is entitled to appoint one or more proxies (whether a member/s of the company or not) to attend, speak and to vote at the meeting in his/her stead.

	For *No of votes* *Poll*	**Against** No of votes Poll	**Abstain** *No of votes* *Poll*
Ordinary Resolution No 1 (Approval of minutes of the AGM of 7th June 2018)			
Ordinary Resolution No 2 *(Receipt and adoption of the annual financial statements for the year ended 6 January 2019)*			
Ordinary Resolution No 3 *(Election of Directors as a single resolution)*			
Alternatively: Ordinary Resolution No 3 *(Election of Directors)*			
Ordinary Resolution No 4 *(Approval of the remuneration of directors)*			
Ordinary Resolution No 5 *(Appointment of auditors & approval of their remuneration)*			

(NOTE: ON A POLL, A MEMBER IS ENTITLED TO ONE VOTE FOR EACH SHARE HELD)

Signed at ______________________ on ______________________ 2019

Signature ______________________

(ASSISTED BY ME WHERE APPLICABLE)

Instructions overleaf

INSTRUCTIONS FOR SIGNING AND LODGING THIS PROXY

Notes:

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the Group) to attend, speak and vote (either on a poll or by show of hands) in place of that member at the Annual General Meeting.

2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting the words "the chairman of the Annual General Meeting". All deletions must be individually initialled by the member, failing which they will not have been validly effected. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.

3. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "For", "Against" or "Abstain" headings on the Proxy Form. If no instructions are filled in on the Proxy Form, the chairman of the Annual General Meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.

4. A member or his/her proxy is entitled but not obliged to vote in respect of the ordinary shares held by the member. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the member.

5. If this form has been signed by a person in a representative capacity, the document authorising that person to sign must be attached, unless previously recorded by the Group's transfer secretaries or waived by the chairman of the Annual General Meeting.

6. The chairman of the Annual General Meeting may accept or reject any form of proxy that is completed and/or received other than in accordance with these instructions and notes.

7. Any alterations or corrections to this form of proxy have to be initialed by the signatory (/ies).

8. The completion and lodging of this form of proxy does not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed by the member.

9. Forms of proxy have to be lodged with or posted to the Group Secretary, Edgars Stores Limited, Cnr 9th Avenue/ Herbert Chitepo Street, Bulawayo, or the Transfer Secretaries, Corpserve (Private) Limited, at Cnr Kwame Nkrumah Avenue/1st Street, P O Box 2208, Harare and to be received by not later than 09.00 hours on 9th of July 2019.

10. This proxy form is to be completed only by those members who either still hold shares in a certificated form, or whose shares are recorded in their own name in electronic form in the sub register.

CORPORATE INFORMATION

Edgars Stores Limited

Incorporated in the Republic of Zimbabwe

Company registration number 379/1948

Registered office

Edgars Head Office

Cnr Ninth Avenue / Herbert Chitepo Street/ Bulawayo

Telephone: 263-292-881626/35

Fax:263-292-68443

E-mail: info@edgars.co.zw

Website: http://www.edgars.co.zw

Postal address

P O Box 894, Bulawayo, Zimbabwe

Company Secretary

Buhlebenkosi Mpofu

Transfer Secretaries

Corpserve (Pvt) Ltd

4th Floor ZB Centre

Cnr Kwame Nkrumah Avenue/ 1st Street

P O Box 2208, Harare, Zimbabwe

Telephone: 263-242-750711/2

Auditors

Ernst & Young Chartered Accountants (Zimbabwe)

Derry House

Cnr Fife Street/6th Avenue

P O Box 437, Bulawayo, Zimbabwe

Telephone: 263-292-276111

Legal Advisors

Coghlan & Welsh Legal Practitioners

Barclays Bank Building

8th Avenue, P O Box 22, Bulawayo, Zimbabwe

Telephone: 263-292-888371/8

Bankers

First Capital Bank Limited

Cnr Main Street/8th Avenue

P O Box 702, Bulawayo, Zimbabwe

Telephone: 263-292-881121/7

Co-ordination: Group Finance

Design and production: Charisma

These results can be viewed on the internet at: http://www.edgars.co.zw