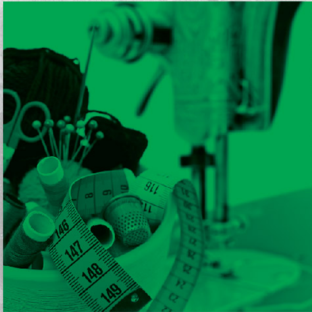
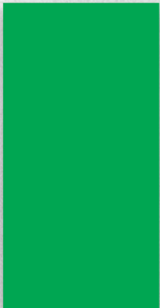
EDGARS STORES LIMITED

ANNUAL REPORT

2019





EDGARS

Jet

CAROUSEL
A DIVISION OF EDGARS STORES LIMITED

clubplus

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» 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.

» 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 Higlights

	5 January 2020 52 weeks $000	6 January 2019 52 weeks $000	Change %
Group Summary			
Retail sales revenue	580,049	608,436	(5)
Earnings attributable to ordinary shareholders	17,889	91,868	(81)
Cash (outflow) / inflow from operating activities	(87,750)	15,107	(681)
Total assets	579,752	456,354	27
Market capitalisation	84,690	30,042	154
Ordinary share performance (cents per share)			
Earnings			
Basic	6.37	35.60	(82)
Diluted	6.27	35.45	(82)
Net equity	90.33	76.18	19
Market price	25.90	10.20	154
Financial statistics			
Return on ordinary shareholders equity	6.10	36.90	(84)
Liquidity ratios			
Current ratio	2.40	3.20	(26)
Gearing-gross	0.20	0.21	(2)
Gearing-net	0.17	0.04	311
Borrowing times covered by stock and debtors	7.00	5.00	40

» Corporate Board

Executive Directors

Linda Masterson * (64) FCIS
Group Managing Director
Joined the Group in 1988
Appointed to the Board in 1991
Appointed Group Managing Director in April 2010

Vusumuzi Mpofu (52) 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

Blair Galloway (60) C.A.(Z)
Group Finance Director
Joined the Group in 2011
Appointed to the Board in 2011
Retired in June 2019

Buhle Mpofu C.A. (Z)
Group Chief Finance Officer
Joined the Group in 2016
Appointed to the Board in June 2019

Non-Executive Directors

Themba N. Sibanda · (65)
B.Acc (Z), C.A. (Z)
Chairman
Appointed to the Board in 2003

Canaan F. Dube * · (63)
LLB (Hons), LLB, MBA
Appointed to the Board in 2004

Dr. Leonard L. Tsumba * · (76)
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
Retired in February 2019

Matthew Hosack (38)
Bachelor of Business Science UCT
Appointed non-executive director in December 2019

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

» Chairman's Statement

Introduction
I am pleased to present the Edgars Stores Limited Group financial results for the 52 weeks ended 5 January 2020. The commentary on the financials is based on the inflation adjusted numbers. The historical numbers are shown as supplementary information as they have not been prepared in compliance with International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies. No opinion has been expressed by the auditors on the historical financial information.

Financial Overview
The Group's turnover decreased by 5%, from ZWL$ 629m in the previous year to ZWL$ 595m in the current year, despite a 23% decrease in units sold. Revenue performance for the last quarter, which is usually our peak turnover period, performed below expectation mainly due to subdued consumer spending in general and challenges with mobile payment platforms.
Profit after tax for the period was $17.9m, an 81% decrease from $91.8m in the same period last year. The business continues to prioritise cost containment.
The Group closed the year in an overstock position but this was fresh stock and placed the Group at an advantage for first quarter trading.

Retail Operations
Edgars Chain
The chain recorded turnover of $390m (2018: $368m) out of 26 stores (2018: 25) an increase of 6%. Units sold for the year were 1.399m (2018: 1.736m), a decrease of 19.4%. The chain's profit to sales ratio declined to 24.1% from 27.3% in 2018. Edgars Kadoma was re-opened at a new site in November 2019, having burnt down last year.

Jet Chain
Total sales were $218.7m (2018: $245.2m) out of 27 stores (2018: 25) a decrease of 10.8%. Two new stores were opened in Banket and Chegutu. Units sold for the year were 1.797m (2018: 2.483m), a decrease of 27.6%. The Chain's profit to sales ratio declined to 19.6% from 22.8% in 2018.

Credit Management
The quality of the Group's debtor's book is good with 3.0% of the book over 30 day due and 75.5% being current as at end of the year. Total active accounts were 150 817 (2018: 151 522).
Edgars Chain debtors were $73.7m (2018: $123m) after an allowance for credit losses of $0.2m (2018:$3.1m). Bad debts written off net of recoveries for the period averaged 0.6% (2018: 1.8%) of lagged credit sales, and 0.1 % of lagged debtors (2018: 0.1%). Edgars chain active accounts as at end of December were 98 795 (2018: 102 159).
Jet Chain debtors were at $20.4m (2018: $39.1m) after an allowance for credit losses of $0.1m (2018: $3.2m). Bad debts written off net of recoveries for the period equated to 0.8% (2018: 1.4%) of lagged credit sales, and 0.2% of lagged debtors (2018: 0.5%). Jet Chain active accounts as at December 2019 were 51 619 (2018: 49 548).

Manufacturing
The factory made an operating profit of $12.6m (2018: $1.8m loss). 6% (2018: 8%) of sales were exports while 94% (2018: 92%) were made to the Edgars and Jet chains.

Microfinance
The microfinance business revenue declined marginally to $12.4m from $12.8m, making a profit after tax of $924k (2018: $640k loss). Loans to customers declined to $6.5m (2018: $27.1m) after an allowance for credit losses of $0.05m (2018:$0.5m).

The quality of the loan book was also good with 3.5% of the book over 30 day due and 83.5% being current as at end of December 2019. Total active loan accounts as at the end of December 2019 were 11 314 (2018: 8 111). The net loan book was $6.45m (2018: $26,6m). Bad debts written off net of recoveries for the period averaged 0.3 % of loan book (2018: 0.3%).

Financing and Cashflow
Gearing was at 0.20 (2018:0.22). The Group had US$ 219,036 in foreign liabilities as at 5 January 2020.
Executive movements
Mrs. Buhlebenkosi Mpofu leaves the Group at the end of May 2020 to pursue other opportunities after having served the Group for four years, one of which was as the Chief Finance Officer. We wish her well in her endeavours and thank her for her contribution during her tenure of service to the Group.

Outlook
The tough operating environment continues to impact negatively on the Group's growth strategy. In particular, Covid-19 pandemic, hyper inflationary environment, liquidity challenges and foreign currency shortages. Management will continue to devise adequate survival strategies to preserve the Group's balance sheet.

Post Covid-19, clothing retail will not be the same and the Group is pursuing various initiatives to future proof the business.

The Board welcomes the new shareholder, SSCG Africa Holdings, who bought Bellfield (Pty) Limited, the Group's major shareholder from Edcon, during the year 2019.

Dividend
Owing to the impact of Covid-19 pandemic, your Company will not declare a dividend this year.

Appreciation
The year has seen a very challenging operational environment for the business. I take this opportunity to thank fellow Board colleagues, management and staff for their achievements in the period under review. Similarly I extend my appreciation to our loyal customers as well as 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 (ZIMCODE) except with regard to the requirement on the proportion of Executive versus non-Executive directors making up the board. 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 five non-executive directors.

The names and credentials of the directors in office at 5 January 2020 are detailed on page 6. 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 2019 financial year and attendance at each are contained below.

Attendance at Corporate Board Meetings: 2019

Board Attendance	Mar 2019	Jun 2019	Sep 2019	Dec 2019
T N Sibanda*	√	√	√	√
C F Dube*	√	√	√	√
L L Tsumba*	√	√	√	√
R Mlotshwa*	√	√	√	√
G Pattison*	√	n/a	n/a	n/a
M Hosack*	n/a	n/a	n/a	√
L Masterson	√	√	√	√
T N Ndlovu	√	×	√	√
V Mpofu	√	√	√	√
J B Galloway	√	n/a	n/a	n/a
B Mpofu	√	√	√	√

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 6. Mr. C. Dube chairs the Committee and the other members are Dr. L.L. Tsumba and Mr. G. Pattison. The Group Chief Executive Officer and Group Chief Finance Officer 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 2019	Jun 2019	Sep 2019	Dec 2019
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

Remuneration	Mar 2019	Jun 2019	Sep 2019	Dec 2019
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 minimize 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 Chief Executive Officer. Significant reports are copied to the Group Chief Executive Officer as well as to the Chairman of the Audit Committee and there is regular two-way communication between the Group Chief Executive Officer 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 shareowners and investment analysts and makes presentations to investors and analysts annually, after the release of results.

Ethical Behaviour

The Group's Core Values are:

- Superior customer service
- Integrity
- People
- Performance and
- 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 5 January 2020 incorporate the results for the fifty-two weeks ended 5 January 2020. In preparing these Financial Statements, the same accounting principles and methods of computation are applied as in prior periods. The Financial Statements are prepared to comply with International Financial Reporting Standards (IFRS) and in compliance with Zimbabwe Stock Exchange (ZSE) regulations and the Companies and Other Business Entities Act.
No event material to the understanding of this report has occurred between the financial year-end and the date of this report.

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
Non-Executive Chairman
On 14 May 2020

L Masterson
Group Managing Director

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EDGARS STORES LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Company financial statements

Adverse Opinion

We have audited the inflation adjusted consolidated and company financial statements of Edgars Stores Limited and its subsidiaries (the Group), as set out on pages 21 to 93, which comprise the statements of financial position as at 5 January 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the 52 weeks then ended, and notes to the inflation adjusted consolidated and company financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and company financial statements do not present fairly the financial position of the Company and Group as at 5 January 2020, 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

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

As explained in note 2.1 to the inflation adjusted consolidated and company financial statements, the Company and Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2019 to 22 February 2019 and the Real Time Gross Settlement Dollar (RTGS$)/ Zimbabwe Dollar (ZWL) for the period 23 February 2019 to 5 January 2020. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated and company financial statements are presented in ZWL.

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

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

We believe that events in the market and subsequent promulgation of the RTGS$/ZWL as a formal currency supports that there was a change in functional currency from US$ to RTGS$/ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$/ZWL: US$ exchange rate and this occurred effective 1 October 2018.

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INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF EDGARS STORES LIMITED

Accordingly, the consolidated and company financial statements included balances and transactions denominated in US$ that were not converted to RTGS$/ZWL at a RTGS$/ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were material and pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, was to prospectively apply the change in functional currency from US$ to RTGS$/ZWL from 23 February which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of IFRS: IAS 8 – *Accounting Polices, Changes in Accounting Estimates and Errors*.

Furthermore, notwithstanding that IAS 29 - *Financial Reporting in Hyperinflationary Economies* has been applied from 1 January 2018 to 5 January 2020, it is noted that its application was based on prior and current periods' financial information which are not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, all elements of the financial statements would have been materially different.

As a result of these matters:

- All corresponding numbers remain misstated on the statements of financial position; the statements of profit or loss and other comprehensive income; the statements of changes in equity and the statements of cash flows.
- As opening balances enter the determination of cash flows and financial performance, our current year opinion is modified in respect of the impact of this matter on the statements of profit or loss and other comprehensive income; the statements of changes in equity and the statements of cash flows.

Our conclusion on the current period's inflation adjusted consolidated and company financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impact on the corresponding numbers, current year performance and cash-flows, the matter continues to affect the balances on the statements of financial position as some significant accounts still comprise of amounts from opening balances.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 2.1 to the consolidated and company financial statements, for the 52 weeks ended 5 January 2020, the Company and Group translated foreign denominated transactions and balances from 23 February 2019 to 5 January 2020 using applicable interbank rates.

Furthermore, at 5 January 2020 the Group's properties were valued in US$ and converted to ZWL using the conversion factors outlined in Note 3.2.1 and Note 13.1 to the inflation adjusted consolidated and company financial statements.

The exchange rates used for the translation of transactions and balances between the US$ and the RTGS$/ZWL do not meet the definition of a spot exchange rate as per IAS 21. Had the appropriate rates been used, the following significant accounts would have been affected in a material manner; property, plant and equipment, inventories, cash and cash equivalents, deferred tax liabilities, trade and other payables, sales of merchandise, other gains/ losses and other operating income/ expenses.

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

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 Company and Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

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

Other information

The directors are responsible for the other information. The other information comprises the Business Report, Corporate Board report, Group Chairman's Statement, the Corporate Governance Report, Corporate Information and all the historical cost information, which is disclosed as supplementary information, but does not include the inflation adjusted consolidated and company financial statements and our auditor's report thereon. Our opinion on the inflation adjusted 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.

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

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

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

In preparing the inflation adjusted consolidated and company financial statements, the directors are responsible for assessing the Company and 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.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF EDGARS STORES LIMITED

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated and Company financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted 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 inflation adjusted 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 inflation adjusted 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 controls 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 Company and Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and 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 inflation adjusted 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 Company or Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted 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 Company and Group to express an opinion on the inflation adjusted 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 controls 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.

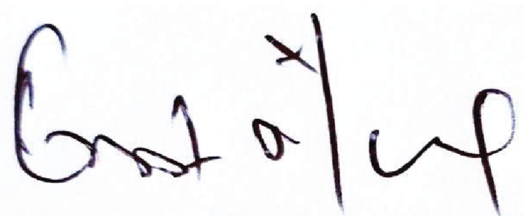
INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF EDGARS STORES LIMITED

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted 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 inflation adjusted 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 Mr. David Gwande (PAAB Practicing Certificate Number 132).



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS
HARARE

14 May 2020

» Consolidated Statement of Profit or Loss and other Comprehensive Income

for the 52 weeks to 5 January 2020

Group				Company	
52 weeks to 5 January 2020 ZWL$	52 weeks to 6 January 2019 ZWL$		Notes	52 weeks to 5 January 2020 ZWL$	52 weeks to 6 January 2019 ZWL$
		Profit or loss			
595,242,864	629,048,828	Revenue from contracts with customers	5	582,806,860	616,239,905
580,048,606	608,435,784	Sales of merchandise	5	580,048,606	608,435,784
(366,162,282)	(417,287,899)	Cost of sales		(366,162,282)	(417,287,899)
213,886,324	191,147,885	Gross profit		213,886,324	191,147,885
12,436,004	12,808,924	Income from microfinance institution		-	-
4,965,246	258,056	Other gains and losses	6	4,892,264	258,054
(16,924,655)	(22,257,471)	Credit management and debt collection costs		(10,083,991)	(22,873,701)
(90,836,658)	(101,602,746)	Store expenses		(92,441,812)	(104,415,765)
(114,345,928)	(120,892,346)	Other operating income and expenses		(112,431,655)	(115,323,948)
45,169,383	54,642,610	Finance income	7.6	46,232,870	56,488,771
(12,853,164)	(6,516,541)	Finance costs	7.7	(12,437,000)	(6,503,093)
(19,747,386)	140,253,110	Net monetary (loss) / gain		(9,802,872)	118,003,098
21,749,165	147,841,481	Profit before tax	7	27,814,127	116,781,301
(3,859,732)	(55,973,859)	Income tax expense	10	(9,113,476)	(49,802,713)
17,889,433	91,867,622	Profit for the period		18,700,651	66,978,589
		Other comprehensive income			
		Items that may not be reclassified to Profit and Loss			
24,395,627	22,991,303	Revaluation of property, plant and equipment		24,395,627	23,793,911
(4,021,091)	(8,605,041)	Deferred tax movement		(4,021,091)	(8,475,050)
20,374,536	14,386,262	Other comprehensive income for the period (net of tax)		20,374,536	15,318,862
					-
38,263,969	106,253,884	Total comprehensive income for the period		39,075,187	82,297,450
		Earnings per ordinary share	11		
6.37	35.60	Basic (cents per share)		6.66	25.96
6.27	35.45	Diluted (cents per share)		6.56	25.85

» Consolidated Statement of Financial Position

for the 52 weeks to 5 January 2020

Group				Company	
5 January 2020 ZWL$ Audited	6 January 2019 ZWL$ audited		Notes	5 January 2020 ZWL$ audited	6 January 2019 ZWL$ audited
		Non-current assets			
110,682,408	95,807,843	Property, plant and equipment	13	108,039,248	93,629,734
20,369,062	-	Right of use asset		20,369,062	-
14,409,890	11,705,612	Intangible assets	15	14,317,669	11,613,391
-	-	Investment in a subsidiary		8,701,260	8,701,260
-	158,176	Deferred tax asset		-	-
145,461,361	107,671,630	Total non-current assets		151,427,239	113,944,384
		Current assets			
300,834,650	122,000,727	Inventories		300,777,329	122,000,727
117,932,121	158,755,226	Trade and other receivables		117,932,121	158,755,226
6,455,962	26,557,994	Loans and advances to customers		-	-
-	-	Intercompany loan	28	5,874,729	24,449,093
186,714	236,223	Income tax receivable		-	-
8,881,604	41,132,643	Cash and cash equivalents		8,170,901	35,065,155
434,291,051	348,682,813	Total current assets		432,755,080	340,270,201
579,752,412	456,354,443	Total assets		584,182,319	454,214,585
		Equity and liabilities			
		Capital and reserves			
18,493,185	3,569,958	Issued capital		18,493,185	3,569,958
45,445,101	24,991,864	Other reserves		44,730,990	24,356,454
231,447,074	220,523,945	Retained earnings		236,942,650	225,129,602
295,385,360	249,085,766	Total capital and reserves		300,166,825	253,056,013
		Non-current liabilities			
69,144,305	76,523,883	Deferred tax liabilities		69,143,003	70,869,005
24,244,255	22,694,348	Long term portion of interest bearing loans and borrowings		24,244,255	22,694,348
10,020,155	-	Lease liabilities		10,020,155	-
103,408,716	99,218,231	Total non-current liabilities		103,407,414	93,563,353
		Current liabilities			
128,350,444	70,442,544	Trade and other payables		128,013,240	70,022,544
370,058	2,190,339	Dividend payable		370,059	2,190,339
4,631,621	4,121,579	Current tax liabilities		4,631,621	4,121,579
638,400	2,389,536	Contract liabilities		638,399	2,389,530
35,609,703	28,906,450	Interest bearing loans and borrowings		35,596,651	28,871,228
11,358,110	-	Lease liabilities		11,358,110	-
180,958,335	108,050,447	Total current liabilities		180,608,080	107,595,219
284,367,051	207,268,678	Total liabilities		284,015,494	201,158,572
579,752,411	456,354,443	Total equity and liabilities		584,182,319	454,214,585

» Consolidated Statement of Cashflows

for the 52 weeks to 5 January 2020

Group				Company	
52 weeks to 5 January 2020 ZWL$	52 weeks to 6 January 2019 ZWL$		Notes	52 weeks to 5 January 2020 ZWL$	52 weeks to 6 January 2019 ZWL$
		Cash flows from operating activities			
21,749,165	147,841,481	Profit before tax		27,814,127	116,781,301
		Adjusted for:			
(45,169,383)	(54,642,610)	Finance income		(46,232,870)	(56,488,771)
12,853,164	6,516,541	Finance costs		12,437,000	6,503,093
(7,337,665)	(125,385,689)	Non-cash items	12.1	14,442,646	(66,607,385)
(74,230,417)	8,741,197	Movements in working capital	12.2	(92,988,812)	3,612,874
(92,135,136)	(16,929,081)	Cash generated from operations		(85,665,957)	3,801,112
43,421,386	54,642,610	Finance income received		43,421,386	56,488,771
(12,366,062)	(6,516,541)	Finance costs paid		(12,366,062)	(6,503,093)
(2,152,928)	-	Lease interest paid		(2,152,928)	-
(24,516,802)	(16,090,390)	Taxation paid	12.3	(23,275,242)	(14,879,362)
(87,749,542)	15,106,599	Cash (used in) / generated from operating activities		(78,900,755)	38,907,429
		Cash flows from investing activities			
(6,849,599)	(19,500,622)	Payments for property, plant and equipment	13	(6,575,818)	(16,761,427)
-	1,478,333	Proceeds from disposal of property, plant and equipment		-	1,478,333
-	-	Loans advanced to subsidiaries		(15,013,975)	(47,909,303)
-	-	Loans repayments received from subsidiaries		11,226,019	21,918,362
-	-	Investment in subsidiary		-	(5,590,398)
(6,849,599)	(18,022,289)	Net cash used in investing activities		(10,363,774)	(46,864,432)
		Cash flows from financing activities			
1,611,632	-	Proceeds from exercise of share options		1,611,632	-
122,370,708	48,226,165	Proceeds from borrowings	21.3	122,370,708	48,226,165
(64,817,696)	(18,663,660)	Repayment of borrowings	21.3	(64,817,696)	(18,663,660)
(6,528,402)	-	Payments of principal portion of lease liabilities		(6,528,402)	-
(1,425,601)	(5,455,832)	Payments of dividend		(1,425,599)	(5,455,832)
51,210,641	24,106,673	Net cash generated from financing activities		51,210,642	24,106,673
(43,388,500)	21,190,983	Net (decrease) / increase in cash and cash equivalents		(38,053,887)	16,149,670
40,472,706	19,281,723	Cash and cash equivalents at the beginning of the period		34,440,439	18,228,379
-	-	Cash balances from Carousel		-	62,390
(2,915,795)	40,472,706	Cash and cash equivalents at the end of the period		(3,613,447)	34,440,439
		Comprised of:			
8,881,604	41,132,643	Bank and cash balances		8,170,901	35,065,155
(11,797,399)	(659,937)	Bank overdraft		(11,784,348)	(624,715)
(2,915,795)	40,472,706			(3,613,447)	34,440,439

» Consolidated Statement of Changes in Equity

for the 52 weeks to 5 January 2020

GROUP	Notes	Issued capital ZWL$	Equity-settled employee benefits reserve ZWL$	Revaluation reserve ZWL$	Credit reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Balance at 8 January 2018 (as reported)		3,569,958	8,878,599	1,627,549		16,142,496	30,218,602
Change in accounting policy - IFRS 9						1,548,979	1,548,979
Initial application of IAS 29				(1,627,549)		121,252,265	119,624,716
Transfer to credit reserve					117,670	(117,670)	-
Balance at 8 January 2018 (restated)		3,569,958	8,878,599	-	117,670	138,826,070	151,392,297
Dividends declared						(8,560,415)	(8,560,415)
Transfer to credit reserve					1,609,333	(1,609,333)	-
Total comprehensive income for the period		-	-	14,386,262	-	91,867,622	106,253,884
Profit for the year						91,867,622	91,867,622
Other comprehensive income for the period				14,386,262			14,386,262
Balance at 7 January 2019		3,569,958	8,878,599	14,386,262	1,727,003	220,523,945	249,085,766
Dividends declared						(6,887,602)	(6,887,602)
Issue of ordinary shares under employee share option plan		1,611,632					1,611,632
Scrip dividend		5,384,407					5,384,407
Issue of shares for brand purchase transaction		7,927,188					7,927,188
Total comprehensive income for the period		-	-	20,374,536	-	17,889,433	38,263,969
Loss for the year						17,889,433	17,889,433
Other comprehensive income for the period				20,374,536			20,374,536
Transfer to credit reserve					78,702	(78,702)	-
Balance at 5 January 2020		18,493,185	8,878,599	34,760,798	1,805,704	231,447,074	295,385,360

» 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 5 January 2020 were authorised for issue in accordance with a resolution of the directors on 30 April 2020.

The Group's ultimate parent is Sub Sahara Capital Group Africa Holdings LP (Mauritius). Information on other related party relationships of the Group is provided in Note 28.

2. Financial Reporting

2.1 Basis of Preparation

The Group's financial results have been prepared under policies consistent with the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The financial results are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of land, buildings and plant stated at fair value. The Financial statements are also restated to take account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC).

Compliance with IFRS is intended to achieve consistency and comparability of financial statements. In the previous reporting periods, the Group's financial statements have complied in full with IFRSs, however, it has been impracticable in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019.

The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework (see also guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the accounting treatment adopted in the 2018 and 2019 Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

Functional currency

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

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

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the US dollar and would become opening RTGS dollar values from the effective date. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the RTGS dollar on 1 October 2018. However, the Group adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of ZW$1: ZWL2.5 in order to comply with S.I 33.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar, and each hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwean cent.

In this regard, these financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest ZWL except when otherwise indicated. The Comparative information is presented in ZWL which is converted from prior year USD functional currency at rate of 1:1.

Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on year inflation amongst other indicators outlined in IAS 29 resulted in a broad market consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 7 January 2019. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date.

Comparative information

IAS29 also requires that the corresponding figures for the previous period also be restated in terms of the same measuring unit. The comparative information for the year ended 6 January 2019 was converted to ZWL from USD functional currency at rate of 1:1. The resulting ZWL numbers were then inflation adjusted using the CPI indices as specified in the inflation indices paragraph below.

Inflation indices used

The Company adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below:

Date	Indices	Conversion Factor
5 January 2020	551.62	1.00
6 January 2019	98.40	6.21
8 January 2018	62.70	8.80

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

Revenue, operating expenses and exchange gains or losses

- The historical line items were segregated into monthly totals and then the applicable monthly conversion factor was applied.

Other income

- The other income was segregated into the respective month in which the income accrued and then the applicable conversion factor utilized to hyper-inflate the amounts.

Depreciation and amortisation

- The depreciation expense was recalculated based on the restated opening balances.

Income tax expense

- The tax expense was segregated into the respective quarters and the applicable quarterly inflation adjustment factor used to hyper-inflate the amounts.

Gains on revaluation of property, plant and equipment

- The fair value measurements were determined at year end and half year. These were recalculated as the balancing fee between the hyperinflation adjusted closing and opening balances.

Property, plant and equipment

- Property, plant and equipment were restated at the 8 January 2018 using the conversion factor at that date. Movements of additions and disposals were recalculated based on the date of the transactions. The same applied to revalued carrying amounts at 6 January 2019 and 7 July 2019.
- The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as the revaluation gain through other comprehensive income. The fair valued amounts were assessed for impairment.

Investment in subsidiaries

- The opening balance at 8 January 2018 was adjusted by the corresponding adjustment factor. Movements after that date were adjusted as at the date of that movement.

Deferred tax liability
- The closing balance was calculated based on the inflation adjusted closing balances for the applicable assets and liabilities and the historical tax bases.

Inventory
- The amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor. The inventory balance was aged from year end to approximate date of acquisition.

Trade receivables and contract liabilities
- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances at 5 January 2020. Comparatives were restated at the adjustment factor at 6 January 2019.

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

Cash and bank
- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances at 5 January 2020. Comparatives were restated at the adjustment factor at 6 January 2019.

Trade payables
- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances at 5 January 2020. Comparatives were restated at the adjustment factor at 6 January 2019.

Provisions
- The company's provisions were separated into monetary (bonus provision) and non-monetary components (leave pay). The non-monetary provisions were hyper-inflated using the applicable monthly adjustment factors. The resulting differences were accounted for as part of the net-monetary gain in profit or loss. There was no hyper-inflation adjustment on the monetary provisions at 5 January 2020.

Bank overdrafts and loans and borrowings
- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances at 5 January 2020. Comparatives were restated at the adjustment factor at 6 January 2019.

Revaluation reserve
- The opening revaluation reserve was eliminated against equity. The balance since then corresponded to recalculated gains on revaluation from hyperinflation adjusted PPE movements.

Other reserves (equity settled employee benefits reserves and credit reserves)
- The opening balance was restated using the adjustment factor at 8 January 2018. Movements from that date were recalculated using the adjustment factor at the date of the related movement.

Issued capital
- The opening balance was restated using the adjustment factor at 8 January 2018. Movements from that date were recalculated using the adjustment factor at the date of the related movement.

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

Net monetary gain or loss
- The portion of non-monetary gains or losses that arose from hyperinflation were treated as follows:
- Those arising from hyperinflation adjustment of opening property, plant and equipment, intangible assets and deferred tax were taken directly to retained earnings as the effect of initial application of IAS 29.
- Those arising from hyperinflation adjustment of monetary assets and liabilities at 6 January 2019 were also taken to retained earnings as the effect of initial application of IAS 29.
- Non monetary gains or losses arising from all other adjustments were taken to profit and loss in the year of that adjustment.

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

Statement of compliance

Because of the items detailed in the functional currency paragraph above, the financial statements have not 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 5 January 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it 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.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

The Group's consolidated financial statements are presented in Zimbabwean Dollars (ZWL$), 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 from contracts with customers

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 because it typically controls the goods or services before transferring them to the customer.

Sale of clothing, footwear, textiles and accessories

Revenue from sale of clothing, footwear, textiles and accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on when the customer has taken delivery of the merchandise and the consideration has either been charged into their account or payment has been received in cash. Credit customers enjoy credit terms of up to 12 months. Interest income is charged on credit accounts on a month by month basis.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of clothing, footwear, textiles and accessories, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

Loyalty points programme

The Group has a loyalty points programme, Jet Thank U, within the Jet Chain Group which allows customers to accumulate points that can be redeemed for monetary discount, subject to a minimum number of points being obtained. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

The stand-alone selling price of the loyalty points of the Group are fixed – each one thousand points is equivalent to one ZWL$ discount on the customer's next purchase i.e. 1,000 point are equivalent to a ZWL$ 1 discount. Outstanding loyalty point liabilities are therefore fixed and recorded under contract liabilities.

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 it is receivable from the underwriter i.e. in arrears.

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. The group runs the Edgars Club which members contribute monthly subscriptions.

Fee Income

Fee income – including administration fees is recognised as the related services are performed. Administration fee relates to account management activities such as instalment changes.

Contract balances

Trade and other receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer. Trade receivables consist of amounts due from credit customers. Other receivables are made of various types of prepayments.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities in the group pertain to amounts received from customers under lay by arrangements.

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

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. 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.

2.3.8 Financial instruments

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

2.3.8.1 Financial assets

Financial assets are classified and measured, initially and subsequently at armotised cost or fair value through profit and loss. The classification depends on their contractual cash flows (SPPI test) and the group's business model for managing them.

The group's financial assets are made up of trade receivables and loans to customers.

2.3.8.2 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:

1. 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
2. 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
3. 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)
4. 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.

2.3.8.3 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.

2.3.8.4 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:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

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

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

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.

2.3.8.5 Impairment of financial assets

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

- Disclosures for significant assumptions Note 2.3.8.6
- Trade receivables, including loans and advances to customers Note 2.3.8.6

The Group's financial assets are assessed for impairment based on the forward-looking ECL approach.

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 2.3.8.6

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.

2.3.8.6 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:

- Probability of Default (PD) 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.
- Exposure at Default (EAD) 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.
- Loss Given Default (LGD) 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 (there has been a default of credit terms as specified 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%.

2.3.8.7 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
- Reserve Bank of Zimbabwe 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.

Write-offs
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.

2.3.8.8 Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or 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, loans and borrowings and bank 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. 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 Zimbabwean 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.

2.3.8.9 Off setting 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	2-10 years
Motor vehicles	5-7 years

An item of property, plant and equipment and any significant part initially recognized 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	5-10 years

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
Policy applicable after 7 January 2019
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised,

initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Retail space and offices	2 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note (2.3.15) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments, being contingent rents linked to revenue are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification – a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. Extension options embedded in the lease and the IBR incorporate significant judgement – considerations around these are specified as such under Notes 3.1.6 and 3.2 respectively.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of retail and office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase or extension option. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging 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.

Policy applicable before 7 January 2019

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 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The group frequents the following common provisions – employee obligations (leave pay and bonuses). Other provisions are accounted for based on the particular details of each case. In the current year, the group did not have any other provision than those documented here. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

2.3.15 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.
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For the 52 weeks to 5 January 2020

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.

2.3.16 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 performance criteria 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 as specified in the Key Performance Areas (KPAs) agreed to;
- 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 liability in the Group's financial statements.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 7 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 6 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 as at 7 January 2019 is as follows:

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

The Group leases all its retail space. Before the adoption of IFRS 16, the Group classified each of its leases at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the leases were entered into on 7 January 2019, apart from the use of incremental borrowing rate at the date of initial application. That is, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 7 January 2019:

- Right-of use assets of $5 432 135 were recognised

and presented separately in the statement of financial position.

- Additional lease liabilities of $5 432 135 were recognised.

The lease liabilities as at 7 January 2019 can be reconciled to the operating lease commitments as of 6 January 2019, as follows:

	$
Operating lease commitments as at 6 January 2019	5 684 390
Weighted average incremental borrowing rate as at 7 January 2019	9.09%
Discounted operating lease commitments as at 7 January 2019	5 432 135
Lease liabilities as at 7 January 2019	5 432 135

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

2.5 Standards issued but not yet effective

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

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

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

Annual Improvements 2015-2017 Cycle

• IFRS 3 Business Combinations

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

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 7 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

• IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 7 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

• IAS 12 Income Taxes

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

An entity applies the amendments for annual reporting periods beginning on or after 7 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

• IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 7 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

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 Zimed Group 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.

3.1.2 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers profitability, site, brand visibility and relationship with lessor that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances above that is within its control and affects its ability to exercise or not to exercise the option

to renew or to terminate (e.g. construction of significant leasehold improvements, significant customisation to the leased asset, location and performance of relevant stores).

The Group included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period (i.e. one to five years). The Group typically exercises its option to renew for these leases because there is significant investment in a retail store location, a significant negative effect would result if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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

The current economic challenges embodying hyperinflation, foreign currency shortages, high formal unemployment and cost of production has led to pressure on rental income as well as an illiquid property market. Valuations rely on historical market evidence for calculation inputs. This includes transaction prices for comparable properties, rents and capitalisation rates. The enactment of S.I 142 of June 2019 introduced the Zimbabwean dollar (ZWL) as the sole legal tender for all transactions in Zimbabwe exacerbated the price distortions of assets in the market. In as much as all assets have to be priced in the ZWL, generally the market has been quoting prices for sales and rentals in United States dollars (USD). Direct conversions of USD quoted prices to ZWL is subject to estimation uncertainty due to the highly volatile exchange rates.

The fair value of the Group's land and buildings is based on valuations performed by Bard Real Estate, an accredited independent valuer. Valuation models in accordance with recommendations by the International Valuation Standards Committee have been applied. The key assumptions in coming up with fair values are future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Owing to the hyperinflationary environment, there were two rent reviews systems that are being used on the market, some rentals were pegged in USD with either the official rate or the parallel rate being applied to establish the ZWL rentals or Three month-based rentals in ZWL.

This has created some market distortions, the USD pegged rentals tend to keep up with the exchange rate movement whilst the un-pegged rentals have fallen behind by far. The property market is not only distorted but has no clear direction due the prevailing economic uncertainties. The revaluations for land and buildings were performed on the 7th of July 2019. United States dollar inputs, which were converted at the interbank exchange rate on this date were used. The values were inflation adjusted using the CPI indices to obtain the fair values as at 5 January 2020. The effective exchange rate derived from this process was US$1:ZWL$21.1 between the Zimbabwe dollar inflation adjusted carrying amount and the United States Dollar fair value equivalent on this date.

The users of the financial statements must therefore note that whilst management has taken the necessary steps in coming up with the fair valuation, significant judgements were applied in the current year as a result of the uncertainties resulting from the hyperinflationary economic environment, currency shifts, excessive market volatility and lack of recent transactions conducted in ZWL. The fair values of land and buildings and as well as the valuation techniques and assumptions are disclosed on Notes 13.1

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 under IFRS 9 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. Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is

IBR is calculated on a portfolio basis as it does not enter into distinct financing arrangement for standalone locations.

3.2.7 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

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 six operating 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.

Financial Services

The unit manages credit extended to customers on credit. This includes activities that ensure the quality of the loan book is good such as collections, setting interest rates and establishing credit limits.

Corporate head office

Provides centralised services to the operational business units. These include securing and negotiating terms of finance, managing group information systems, managing distribution of retailing merchandise and performing centralised administration functions.

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		Company	
	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $
5 Revenue				
The following is an analysis of the Group's revenue for the year (excluding investment revenue)				
Sale of merchandise	580,048,606	608,435,784	580,048,606	608,435,784
Retail sales	576,646,102	605,556,816	576,646,102	605,556,816
Manufacturing sales to third parties - local sales	2,279,234	2,713,651	2,279,234	2,713,651
- export sales	1,123,269	165,317	1,123,269	165,317
Edgars Club subscriptions	1,826,496	5,275,770	1,826,496	5,275,770
Hospital Cash Plan and funeral insurance commission	931,758	2,528,351	931,758	2,528,351
Interest income from Micro Finance Institution	12,436,004	12,808,924	-	-
	595,242,864	629,048,828	582,806,860	616,239,905
6 Other gains and losses				
(Loss) / profit on disposal of plant & equipment	(2,384,897)	734,083	(2,442,635)	734,081
Net foreign exchange gain / (loss)	7,350,143	(476,027)	7,334,899	(476,027)
	4,965,246	258,056	4,892,264	258,054
7 Profit before tax				
Profit for the period has been arrived at after charging (crediting):				
7.1 Auditors remuneration :				
Audit Fees	1,572,809	2,089,109	1,521,574	1,846,188
Fees for consulting & other services	92,026	1,402,121	92,026	1,402,121
	1,664,836	3,491,230	1,613,600	3,248,310
7.2 Depreciation expense				
Depreciation of property, plant and equipment	12,676,219	9,201,771	12,028,906	9,037,957
Depreciation of right of use asset	7,537,605	-	7,537,605	-
	20,213,824	9,201,771	19,566,511	9,037,957
7.3 Amortisation expense				
Amortisation of intangible assets	5,222,910	5,627,493	5,222,910	5,627,493
7.4 Operating lease expenses :				
Land and buildings :				
Minimum lease payments	3,181,408	38,770,356	3,181,408	38,770,356
Contingent rents	8,221,456	3,835,837	8,221,456	3,835,837
Sublease receipts	(307,330)	(809,026)	(399,251)	(908,087)
	11,095,533	41,797,168	11,003,613	41,698,107

Further disclosures on leases have been provided in Note 23.

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
7.5 Fees payable				
Legal and consultancy fees	4,200,022	5,526,330	4,187,371	5,359,143
Outsourcing of IT	221,788	198,900	221,788	198,900
	4,421,810	5,725,230	4,409,159	5,558,044

	Group		Company	
	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $
7.6 Finance income				
Debtors interest charges	32,929,538	32,430,338	32,929,538	32,430,338
Late payment charges	12,075,233	22,046,837	11,864,427	21,643,661
Other interest received	164,612	165,434	164,612	165,434
Interest receivable-intercompany	-	-	1,274,293	2,249,337
	45,169,383	54,642,610	46,232,870	56,488,771
7.7 Finance costs				
Interest on debt and borrowings	9,562,186	6,516,541	9,146,022	6,503,093
Interest on lease liabilities	3,290,978	-	3,290,978	-
	12,853,164	6,516,541	12,437,000	6,503,093

7.8 Impairment of inter-company receivable

The inter-company receivable was not considered impaired as at 5 January 20020.

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
7.9 Rental income				
Rental income	307,330	809,026	399,251	908,087

Further disclosures on leases have been provided in Note 23.

.

8 Directors and employees

8.1 Employees

The Group employed 568 (2018: 585) permanent employees of which 420 (2018: 425) were employed in retailing, 5 (2018: 4) in micro-finance and 148 (2018: 156) in the manufacturing division.

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

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Salaries and wages	86,471,948	104,070,164	83,281,190	101,085,990
Pension contributions (note 8.3)	4,913,961	8,362,323	4,764,605	8,158,004
Medical aid contributions	1,827,104	2,967,875	1,796,365	2,919,667
	93,213,012	115,400,361	89,842,159	112,163,661

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

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
8.2 Directors' emoluments				
Non executive directors :				
- Fees	1,206,560	1,229,321	1,003,313	1,034,847
Executive directors :				-
- Remuneration	9,225,159	9,293,679	8,156,830	8,073,420
- Retirement and medical aid benefits	677,011	1,023,489	569,907	856,620
	11.108,730	11,546,489	9,730,050	9,964,887

	Group		Company	
	52 weeks to 5 January 2020	52 weeks to 6 January 2019	52 weeks to 5 January 2020	52 weeks to 6 January 2019
	$	$	$	$

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.

	2019	2018	2019	2018
	$	$	$	$
Contributions to the above aforementioned funds charged against profit or (loss):				
Edgars Pension Fund	4,072,984	6,579,213	3,946,426	6,407,236
National Social Security Authority	487,679	1,783,110	818,179	1,750,768
	4,560,663	8,362,323	4,764,605	8,158,004

9 Share based payments

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

	2019	2018	2019	2018
	$	$	$	$
Expense arising from cash-settled share-based payment transactions	-	2,619,282	-	2,619,282
Gain on the derecognition of cash-settled share based payment scheme	-	(1,974,740)	-	(1,974,740)
Recognition of cash value plan	4,135,762	1,446,814	4,135,762	1,446,814
	4,135,762	2,091,356	4,135,762	2,091,356
	336,688	145,010	336,688	145,010

The cash settled share option scheme was cancelled in prior 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 2 985 334 share options forfeited this year (2018: Nil). There have been no cancellations or modifications to any of the plans during 2019 and 2018. 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 5 January 2020 No.	52 weeks to 5 January 2020 WAEP ZWc	52 weeks to 6 January 2019 No.	52 weeks to 6 January 2019 WAEP ZWc
Outstanding at the beginning of the period	14,909,768	8.52	14,909,768	8.47
Granted during the year	-		-	
Forfeited during the year	(2,985,334)	-	-	-
Exercised during the year	(5,363,435)	7.60	-	-
Outstanding at the end of the period	6,560,999	9.41	14,909,768	8.52
Exercisable at the end of the period	6,560,999		14,909,768	
Weighted average remaining contractual life (years)	2.91		4.44	

Share Appreciation Rights (Cash Settled share options)

This scheme was cancelled in the prior year. Under the scheme 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 derocognised and a gain on replacement of the scheme with the CVP was recognised in profit or loss.

Movements in the year

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

	52 weeks to 5 January 2020 No.	52 weeks to 5 January 2020 WAEP ZWc	52 weeks to 6 January 2019 No.	52 weeks to 6 January 2019 WAEP ZWc
Outstanding at the beginning of the period	-	0.02	20,000,000	0.02
Granted during the year	-	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	-	0.02
Exercisable at the end of the period	-		-	

10 Taxes

	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 $
Taxes recognised in profit or loss				
Tax comprises:				
Current tax in respect of the current year -withholding tax	(12)	(1)	(12)	(1)
-normal tax	(15,102,212)	(20,991,366)	(14,860,557)	(19,933,907)
Deferred tax release / (charge) relating to the origination and reversal of temporary differences	11,242,492	(34,982,492)	5,747,093	(29,868,804)
	(3,859,732)	(55,973,859)	(9,113,476)	(49,802,713)
Taxes recognised in other comprehensive income				
Deferred tax recognised on revaluation of property, plant and equipment	(4,021,091)	(8,605,041)	(4,021,091)	(8,475,050)
The charge for the year can be reconciled to the accounting profit as follows:				
Profit/(loss) before tax for the period:	21,749,165	147,841,481	27,814,127	116,781,301
Tax calculated at 25.75% (inclusive of AIDS levy)	(5,600,410)	(38,069,181)	(7,162,138)	(30,071,185)
Non-monetary loss / (gain)	1,742,702	(17,458,663)	(2,047,522)	(19,021,331)
Effect of expenses which are not tax deductible	(250,572)	(486,408)	(152,360)	(572,494)
Effect of permanent differences relating to passenger motor vehicles	(90,682)	(92,238)	(90,682)	(92,238)
Unrecognised deferred tax in respect of subsidiary losses	-	-	-	-
Recoupment not taxable	-	255,724	-	255,724
Utilisation of unrecognised deferred tax asset	-	164,544	-	-
Recognition of unused tax loss not previously recognised	-	(301,189)	-	(301,189)
Change in tax rate	339,226	-	339,226	-
Withholding taxes	-	-	-	-
Prior year error (note 30)	-	-	-	-
Recognition of unused tax loss not previously recognised	-	13,552	-	-
Other	-	-	-	-
Tax charge recognised in profit or loss	(3,859,732)	(55,973,859)	(9,113,476)	(49,802,713)

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

11 Earnings per share

	000's	000's	000's	000's
11.1 Weighted average number of ordinary shares (basic)				
Issued ordinary shares at the beginning of the period	294,529	294,528	294,529	294,528
Effect of treasury shares (note 18.1.1)	(36,475)	(36,475)	(36,475)	(36,475)
Share options exercised	3,241	-	3,241	-
Scrip dividend	7,058	-	7,058	-
Brand purchase	12,500	-	12,500	-
Weighted average number of ordinary shares used in calculating earnings per share	280,853	258,053	280,853	258,053
11.2 Weighted average number of ordinary shares (diluted)				
Weighted average number of ordinary shares (basic)	280,848	258,053	280,848	258,053
Effect of share options on issue	4,414	1,065	4,414	1,065
Weighted average number of ordinary shares (diluted)	285,261	259,118	285,261	259,118

11.3 Attributable basis

	$	$	$	$
Profit attributable to ordinary shareholders	17,889,433	91,867,622	18,700,651	66,978,589
Adjustments to basic earnings	-	-	-	-
Profit adjusted for cost of dilutive instruments	17,889,433	91,867,622	18,700,651	66,978,589
Basic earnings per share (cents)	6.37	35.60	6.66	25.96
Diluted earnings per share (cents)	6.27	35.45	6.56	25.85

12 Cash flow

12.1 Non-cash items

Share based payment expense	4,135,762	2,091,356	4,135,762	2,091,356
Depreciation	20,213,824	9,201,771	19,566,511	9,037,957
Effect of transfers	1,309,545		2,090,389	
Inventory write-down	6,996,046	6,919,432	6,996,046	6,919,432
Amortisation of intangible assets	5,222,910	5,627,493	5,222,910	5,627,493
Armotisation of computer software charges	8,104,186	-	7,966,870	-
Unwinding of lease liabilities	3,290,978	-	3,290,978	-
Loss / (profit) on disposal of property, plant and equipment (note 6)	2,384,897	(734,083)	2,442,635	(734,081)
Allowance for credit losses - trade and other receivables	1,736,377	(141,544)	1,179,630	1,337,909
Allowance for credit losses - loans and advances to customers	(1,139,578)	1,195,203	-	-
Unrealised exchange (gain)/loss	2,053,812	(55,176)	2,038,568	(55,176)
Other non-cash items	(3,253)	-	(247)	-
Monetary loss / (gain)	(61,643,171)	(149,490,141)	(40,487,404)	(90,832,275)
	(7,337,665)	(125,385,689)	14,442,646	(66,607,385)

12.2 Working capital requirements

(Increase) / decrease in inventories	(185,829,969)	2,472,377	(185,772,647)	(22,278,095)
Decrease in accounts receivable	41,588,733	55,390,482	42,789,536	53,395,896
Decrease / (increase) in loans and advances to customers	20,530,729	(20,777,062)	-	-
Increase / (decrease) in accounts payable	54,480,240	(28,284,666)	51,745,429	(27,444,995)
Decrease in contract payables	(1,751,136)	(59,934)	(1,751,130)	(59,931)
	(70,981,403)	8,741,197	(92,988,812)	3,612,874

Edgars

12.3 Taxation paid

Taxation liability at the beginning of the year	(3,885,356)	(7,840,851)	(4,121,579)	(7,840,843)
Current taxation provided (note 10)	(15,102,224)	(20,996,623)	(14,860,570)	(19,938,899)
Taxation liability at the end of the year	4,631,621	4,121,579	4,631,621	4,121,579
Taxation receivable at the end of the year	(186,714)	(236,223)	-	-
Inflation adjustment	(9,974,129)	8,861,729	(8,924,715)	8,778,802
	(24,516,802)	(16,090,390)	(23,275,242)	(14,879,362)

12.4 Split of cash and cash equivalents

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

USD balances	187,802	1,355,042	178,572	1,351,757
ZAR balances	21,233	40,043	21,233	40,043
RTGS balances	8,672,569	39,737,558	7,971,094	33,673,354
	8,881,604	41,132,643	8,170,900	35,065,155

The USD balances have been translated at a closing rate of 1 USD : 16.60 ZWL

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Property, plant and equipment	Group						
	Land & Buildings	Leasehold Improvements	Furniture, fittings & equipment	Computer equipment	Motor Vehicles	Plant & Machinery	Total
	$	$	$	$	$	$	$
Cost or valuation							
Balance at 7 January 2018	13,149,754	27,409,220	32,389,844	13,102,594	7,906,357	6,273,881	100,231,650
Additions	-	6,861,631	9,711,352	2,304,230	623,410	-	19,500,622
Disposals	-	(731,427)	(513,331)	(242,760)	(329,013)	(46,463)	(1,862,994)
Revaluation adjustment	(2,214,728)	-	9,945,117	638,657	8,684,795	5,937,462	22,991,303
Transfer to intangible assets	-	-	-	(92,221)	-	-	(92,221)
Transfer on revaluation	(813,293)	-	(15,971,284)	(6,966,749)	(4,641,926)	(2,004,761)	(30,398,013)
Balance at 6 January 2019	10,121,733	33,539,424	35,561,698	8,743,751	12,243,622	10,160,120	110,370,348
Additions	-	1,118,131	4,262,919	949,545	265,164	253,840	6,849,599
Disposals	-	-	(85,738)	(79,145)	(2,376,364)	-	(2,541,246)
Revaluation adjustment	24,395,627	-	-	-	-	-	24,395,627
Transfer on revaluation	(150,059)	(1,309,545)	-	-	-	-	(1,459,603)
Balance at 5 January 2020	34,367,301	33,348,010	39,738,880	9,614,151	10,132,422	10,413,960	137,614,724
Accumulated depreciation							
Balance at 7 January 2018	(542,314)	(12,300,934)	(13,237,024)	(5,505,658)	(3,719,107)	(1,572,454)	(36,877,490)
Current year expense	(270,979)	(2,739,625)	(3,057,290)	(1,546,845)	(1,136,758)	(450,276)	(9,201,771)
Eliminated on disposals of assets	-	478,054	323,029	85,753	213,939	17,969	1,118,743
Transfer on revaluation	813,293	-	15,971,284	6,966,749	4,641,926	2,004,761	30,398,013
Balance at 6 January 2019	-	(14,562,505)	-	-	-	-	(14,562,505)
Current year expense	(365,995)	(2,898,310)	(4,200,563)	(1,895,753)	(2,153,993)	(1,161,605)	(12,676,219)
Eliminated on disposals of assets	-	65	20,177	60,036	76,072	-	156,349
Transfer on revaluation	150,059	-	-	-	-	-	150,059
Balance at 5 January 2020	(215,936)	(17,460,751)	(4,180,385)	(1,835,717)	(2,077,921)	(1,161,605)	(26,932,316)
Net carrying amount at 5 January 2020	34,151,365	15,887,260	35,558,494	7,778,434	8,054,501	9,252,355	110,682,408
Net carrying amount at 6 January 2019	10,121,733	18,976,918	35,561,698	8,743,751	12,243,622	10,160,120	95,807,843

Property, plant and equipment	Company						
	Land & Buildings	Leasehold Improvements	Furniture, fittings & equipment	Computer equipment	Motor Vehicles	Plant & Machinery	Total
	$	$	$	$	$	$	$
Cost or valuation							
Balance at 7 January 2018	13,164,148	27,153,085	30,944,420	12,519,412	6,900,972	2,433,002	93,115,040
Additions	-	5,815,947	8,920,463	1,646,720	378,297	-	16,761,427
Carousel assets on divisionalisation	-	23,479	654,089	275,132	298,613	2,877,723	4,129,035
Disposals	-	(731,427)	(513,331)	(242,760)	(329,013)	(46,463)	(1,862,994)
Revaluation adjustment	(2,229,117)	-	10,515,485	1,020,347	8,555,541	5,931,656	23,793,911
Transfer on revaluation	(813,298)	-	(15,366,899)	(6,752,502)	(3,910,216)	(1,035,803)	(27,878,718)
Balance at 6 January 2019	10,121,733	32,261,084	35,154,226	8,466,349	11,894,195	10,160,115	108,057,702
Additions	-	1,069,379	4,156,193	831,242	265,164	253,840	6,575,818
Disposals	-	-	(85,738)	(79,145)	(2,376,364)	-	(2,541,246)
Revaluation adjustment	24,395,627	-	-	-	-	-	24,395,627
Transfer on revaluation	(150,059)	(2,090,389)	-	-	-	-	(2,240,448)
Balance at 5 January 2020	34,367,301	31,240,074	39,224,681	9,218,446	9,782,995	10,413,955	134,247,452
Accumulated depreciation							
Balance at 7 January 2018	(542,323)	(12,272,469)	(12,650,034)	(5,314,687)	(3,004,457)	(603,500)	(34,387,470)
Current year expense	(270,975)	(2,633,548)	(3,039,892)	(1,523,570)	(1,119,696)	(450,276)	(9,037,957)
Eliminated on disposals of assets	-	478,050	323,027	85,755	213,937	17,973	1,118,741
Transfer on revaluation	813,298	-	15,366,899	6,752,502	3,910,216	1,035,803	27,878,718
Net monetary gain / (loss)							
Balance at 6 January 2019	-	(14,427,968)	-	-	-	-	(14,427,968)
Current year expense	(365,995)	(2,807,901)	(3,689,057)	(1,770,316)	(2,132,395)	(1,263,241)	(12,028,906)
Eliminated on disposals of assets	-	-	5,727	40,970	51,914	-	98,611
Transfer on revaluation	150,059	-	-	-	-	-	150,059
Balance at 5 January 2020	(215,936)	(17,235,869)	(3,683,330)	(1,729,346)	(2,080,481)	(1,263,241)	(26,208,204)
Net carrying amount at 5 January 2020	34,151,365	14,004,204	35,541,351	7,489,100	7,702,514	9,150,713	108,039,248
Net carrying amount at 6 January 2019	10,121,733	17,833,116	35,154,226	8,466,349	11,894,195	10,160,115	93,629,734

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 and 7 July 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.

			Historical		Inflation adjusted	
	Valuation technique	Significant unobservable inputs	26 weeks to 7 July 2019	52 weeks to 6 January 2019	26 weeks to 7 July 2019	52 weeks to 6 January 2019
Residential property	Market comparable method	Price per square meter	$84 to $350	$60 to $271	$268 to $1 118	$372 to $1 683
Commercial property	Income approach	Capitalisation rate	11% to 14%	13% to 18%	11% to 14%	13% to 18%
		Rental value per sq.metre	$0.64 to $12.00		$2.05 to $38.35	

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 5 January 2020 is split as follows:

	Historical		Inflation adjusted	
	2019 June	2018	2019 June	2018
Residential property	2,702,000	409,500	8,634,973	2,543,631
Commercial property	8,052,000	1,220,000	25,516,392	7,578,096
	10,754,000	1,629,500	34,151,392	10,121,727

Land and buildings are not carried at the hyper-inflation adjusted equivalent of their acquisition date or that of the historical financial statement date. The carrying amounts are restated from the date of the revaluation.

	Fair value in US$	Fair value in ZWL$			
		Interbank rate	Alternative rate	OMIR	Average of the 3 rates
Exchange rate used	(1.00	(16.77)	(22.7)	(25.4)	(21.62)
Fair value at 7 July 2019	1 629 501	27 326 731	36 989 671	41 389 324	35 325 242
Carrying amount at 5 January 2020		34 151 365	34 151 365	34 151 365	34 151 365
Variance		(6 824 634)	(2 838 307)	7 237 959	1 083 877

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	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 $	Recognised in profit or loss $	Recognised directly in equity $	Recognised directly in other comprehensive income $	Closing balance at 5 January 2020 $
Property, plant and equipment and intangible assets	(19,360,726)	4,181,071		(8,605,041)	(23,784,696)	(3,744,951)		(4,021,091)	(31,550,738)
Accruals	253,198	8,080,987			7,827,789	11,233,402			3,405,612
Section 18 instalment and bad debt allowances	(15,593,227)	(4,715,231)			(20,308,457)	10,256,251			(10,052,206)
Unrealised profit in inventory	441,235	(348,528)			92,707	1,494,468			1,587,175
Inventory loss allowances	(44,128)	(26,348,378)			(26,392,506)	(11,810,324)			(38,202,829)
Change in accounting policy-IFRS 9	(496,383)	(410,014)			(906,397)	920,148			13,751
Unrealised exchange differences		-			-	370,223			370,223
Lease liabilities		-			-	5,284,707			5,284,707
Other *	1,673,612	929,464			2,603,257	(2,603,257)			-
	(33,126,419)	(34,792,422)	-	(8,605,041)	(76,523,883)	11,400,668	-	(4,021,091)	(69,144,305)
Tax losses and credits									
Tax losses	348,247	(190,071)			158,176	(158,176)			
	(32,778,173)	(34,982,493)	-	(8,605,041)	(76,365,707)	11,242,492	-	(4,021,091)	(69,144,305)

	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 and intangible assets	(15,581,342)	361,476		(8,475,050)	(23,694,916)	(3,793,235)		(4,021,091)	(31,509,242)
Accruals	553,447	6,688,544		-	7,241,992	(3,872,673)			3,369,318
Section 18 instalment allowances and allowances for bad debts	(15,976,270)	(10,967,151)		-	(26,943,421)	16,891,215			(10,052,206)
Unrealised profit in inventory		318,693		-	318,693	1,268,482			1,587,175
Inventory loss allowances	(44,128)	(27,232,904)			(27,277,032)	(10,915,947)			(38,192,979)
Write-off of Carousel deferred tax		(102,139)		-	(102,139)	102,139			-
Change in accounting policy-IFRS 9	(496,383)	(209,714)			(706,097)	706,097			-
Unrealised exchange differences		-			-	370,223			370,223
Lease liabilities		-			-	5,284,707			5,284,707
Other *	(980,475)	1,881,344		-	900,869	(900,869)			-
	(32,525,151)	(29,261,851)	-	(8,475,050)	(70,262,052)	5,140,139	-	(4,021,091)	(69,143,003)
Tax losses and credits									
Tax losses	-	(606,953)			(606,953)	606,953			-
	(32,525,151)	(29,868,804)	-	(8,475,050)	(70,869,005)	5,747,092	-	(4,021,091)	(69,143,003)

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

14 Deferred tax balances (continued)

	Group		Company	
	52 weeks to 5 January 2020	52 weeks to 6 January 2019	52 weeks to 5 January 2020	52 weeks to 6 January 2019
	$	$	$	$
Reflected in the statement of financial position as follows:				
Deferred tax asset	-	158,176	-	-
Deferred tax liability	(69,144,305)	(76,523,883)	(69,143,003)	(70,869,005)
	(69,144,305)	(76,365,707)	(69,143,003)	(70,869,005)

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 (2018: $ Nil)

15 Intangible assets

	Group			Company		
	Operating software	Brands	Total	Operating software	Brands	Total
	$	$	$		$	$
Cost						
Cost at 7 January 2018	25,591,658	-	25,591,658	25,591,658	-	25,591,658
Purchased during year	-	-	-	-	-	-
Transferred from property, plant and equipment	92,221	-	92,221	-	-	-
Cost at 6 January 2019	25,683,879	-	25,683,879	25,591,658	-	25,591,658
Acquired during the year	-	7,927,188	7,927,188	-	7,927,188	7,927,188
Cost at 5 January 2020	25,683,879	7,927,188	33,611,067	25,591,658	7,927,188	33,518,846
Accumulated Armotisation and impairment						
Accumulated amortisation at 7 January 2018	(8,350,774)	-	(8,350,774)	(8,350,774)	-	(8,350,774)
Amortisation for the year	(5,627,493)	-	(5,627,493)	(5,627,493)	-	(5,627,493)
Accumulated amortisation and impairment at 6 January 2019	(13,978,267)	-	13,978,267)	(13,978,267)	-	(13,978,267)
Amortisation for the year	(5,222,910)	-	(5,222,910)	(5,222,910)	-	(5,222,910)
Accumulated amortisation and impairment at 5 January 2020	(19,201,177)	-	(19,201,177)	(19,201,177)	-	(19,201,177)
Carrying amount at 5 January 2020	6,482,702	7,927,188	14,409,890	6,390,481	7,927,188	14,317,669
Carrying amount at 6 January 2019	11,705,612	-	11,705,612	11,613,391	-	11,613,391

Included in operating software is $10 480 of micro-finance operating software which is amortised over 5 years.

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 RTGS $1 500 000 to be settled through the issue of 15 000 000 Edgars Stores Limited ordinary shares. All the conditions precedent have been met and the shares were issued on the 20th of March 2019.

15.1 Brands

Brands have an indefinite useful life and thus are not armotised.

For impairment testing brands with indefinite useful lives are allocated to the Edgars and Jet Chains, which are also operating and reportable segments. Carrying amounts of brands allocated to each of the CGUs:

	Edgars	Jet	Total
	52 weeks to 5 January 2020	52 weeks to 5 January 2020	52 weeks to 5 January 2020
	$	$	$
Opening balance	-	-	-
Additions for the year	4,821,364	3,105,825	7,927,188
Impairment loss	-	-	-
Closing balance	4,821,364	3,105,825	7,927,188

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 5 January 2020, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of the brands.

Edgars Chain

The recoverable amount of the Edgars Chain of ZWL$ 126 161 117 as at 5 January 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand anticipated because of Covid-19. The pre-tax discount rate applied to cash flow projections is 55% (2018: Nil). The fair value less costs of disposal could not be determined as there is no active market. As a result of this analysis, management concluded that the brands are not impaired.

Jet Chain

The recoverable amount of the Edgars Chain of ZWL$ 112 543 991 as at 5 January 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand anticipated because of Covid-19. The pre-tax discount rate applied to cash flow projections is 55% (2018: Nil). The fair value less costs of disposal could not be determined as there is no active market. As a result of this analysis, management concluded that the brands are not impaired.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of value in use for both Edgars and Jet Chains is most sensitive to the following assumptions:
- Gross margins
- Discount rates
- Raw materials price inflation
- Market share during the forecast period
- Growth rates used to extrapolate cash flows

Gross margins – Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. The gross margins for the Edgars Chain and the Jet Chain were 57.9% and 53.1%, respectively. These were held constant over the forecast period because they are generally stable. Decreased demand can lead to a decline in the gross margin. A decrease in the gross margin by 5.0% would not result in an impairment in the both units.

Discount rates – Discount rates represent management's assessment of current market risks specific to each business unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate was determined by starting with the incremental cost of borrowing at year end of 35% and adding a risk premium of 20% to factor in macroeconomic uncertainty inherent in the post Covid-19 economy. A rise in the pre-tax discount rate to 78% (i.e. +43%) would result in impairment.

Raw materials price inflation – the company bases the inflation of current prices, exchange rate fluctuations and official inflation forecasts. Management has considered the possibility of greater-than-forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. Forecast price inflation lies within a range of 253 to 264% for the Edgars Chain and 193% to 198% for the Jet Chain, depending on the country from which materials are purchased.

Market share assumptions – Management expects the Group's share of the Edgars market to be stable over the forecast period. Jet's position is expected to strengthen due to demise in its competitors during the financial year. Although management expects the Group's market share of the Edgars market to be stable over the forecast period, a decline in the market share by 11% would result in a further impairment in the Edgars Chain. Similarly, a decline in market share in the Jet market by 15% would result in impairment in the Jet Chain.

Growth rate estimates – Growth rates are based on published research. Management used Zimbabwean GDP growth as published by the World Bank of between 2 and 3% over the period as the basis of growth in sales.

	Group		Company	
	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $
16 Inventories				
Raw materials	13,756,164	20,385,196	2,407,077	-
Work in progress	294,651	490,736	79,004	-
Goods in transit	147,708	1,757,113	282,878	878,749
Merchandise	281,993,580	96,934,157	12,922,334	10,358,588
Consumable stores	4,642,547	2,433,526	294,276	94,780
	300,834,650	122,000,727	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:	(115,870)	(218,249)	(115,870)	(218,249)

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:	6,996,046	6,919,432	6,996,046	6,919,432
The value of inventory sold during the year, included as cost of sales is:	332,493,896	299,305,997	332,493,896	290,125,495

17 Trade and other receivables

Trade accounts receivable	94,317,610	162,701,450	94,317,610	162,701,450
Less: - Specific allowance for credit losses	(2,125,353)	(9,371,643)	(2,125,353)	(9,371,643)
Other accounts receivable	26,262,884	5,823,966	26,262,884	5,823,966
Less: - allowance for credit losses	(523,019)	(398,546)	(523,019)	(398,546)
	117,932,121	158,755,226	117,932,121	158,755,226
The movement in the allowance for credit losses is as follows:				
Opening balance	(9,770,189)	(9,706,870)	(9,770,189)	(8,662,552)
Increase in allowance for credit losses	(1,736,377)	141,544	(1,179,630)	(1,337,909)
Net monetary gain / (loss)	8,858,194	(204,863)	8,301,447	230,272
Closing balance	(2,648,372)	(9,770,189)	(2,648,372)	(9,770,189)

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 $	Stage 2 $	Stage 3 $	Total $
Gross carrying amount as at 6 January 2019	152,503,322	8,610,652	1,587,476	162,701,449
New assets originated or purchased	172,497,950	11,189,618	-	183,687,568
Assets derecognised or repaid (excluding write offs)	(22,826,320)	(7,526,801)	(369,655)	(30,722,776)
Transfers to Stage 1	1,270,130	(1,270,130)	-	-
Transfers to Stage 2	(3,032,336)	3,032,336	-	-
Transfers to Stage 3	(966,975)	(336,684)	1,303,659	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	(4,858)	(84,395)	(1,001,751)	(1,091,004)
Foreign exchange adjustments	-	-	-	-
Net monetary loss	(208,979,276)	(9,983,804)	(1,294,549)	(220,257,628)
At 5 January 2020	90,461,637	3,630,793	225,180	94,317,610

17 Trade and other receivables (continud)

	Stage 1 $	Stage 2 $	Stage 3 $	Total $
ECL Allowances as at 6 January 2019	5,642,114	2,108,421	655,162	8,405,697
New assets originated or purchased	4,060,223	1,413,768	-	5,473,991
Assets derecognised or repaid (excluding write offs)	(2,265,723)	(945,059)	(188,090)	(3,398,872)
Transfers to Stage 1	115,771	(115,771)	-	-
Transfers to Stage 2	(549,576)	549,576	-	-
Transfers to Stage 3	(662,801)	(226,028)	888,829	-
Amounts written off	(447)	(15,944)	(684,082)	(700,472)
Net monetary loss	(5,118,389)	(2,133,237)	(558,872)	(7,810,498)
At 5 January 2020	1,221,171	635,728	112,946	1,969,845

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 5 January 2020 and at 6 January 2019.

The ECL allowance excludes ZWL$ 155 508 of Carousel receivables.

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 retail customers vary but do not exceed 12 months. The maximum credit period on sales of goods, being the factory, is 390 days. Interest is charged on 3 month accounts at 5% per month, 8% per month on 6 months accounts and at 15% per month on 12 month accounts. Additional late payment interest is charged at 10% 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

	Group		Company	
	$	$	$	$
Loans and advances to customers	6,511,587	27,042,316	-	-
Less: - Specific allowance for credit losses-per IFRS 9	(55,625)	(484,322)	-	-
	6,455,962	26,557,994	-	-

The movement in the allowance for credit losses is as follows:	Group Total	Company Total
Opening balance	(484,322)	-
Increase in allowance for credit losses	1,139,578	-
Net monetary gain / (loss)	(710,881)	
Closing balance	(55,625)	-

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 Individual $
Gross carrying amount as at 6 January 2019	24,851,756	1,455,376	735,183	27,042,316
New assets originated or purchased	36,599,079	126,700	-	36,725,779
Less: Interest pre-accrued for per Musoni	(4,094,410)	-	-	(4,094,410)
Assets derecognised or repaid (excluding write offs)	(24,787,078)	(611,336)	(336,479)	(25,734,893)
Transfers to Stage 1	90,650	(82,051)	(8,599)	-
Transfers to Stage 2	(725,311)	725,899	(588)	0
Transfers to Stage 3	(777,887)	(39,615)	817,501	-
Amounts written off	-	(18,095)	(565,030)	(583,125)
Net monetary loss	(25,000,711)	(1,287,882)	(555,486)	(26,844,080)
At 5 January 2020	6,156,088	268,997	86,501	6,511,587

17.1 Loans and advances to customers (continued)

	Stage 1 Individual $	Stage 2 Individual $	Stage 3 Individual $	Total Individual $
ECL Allowances as at 6 January 2019	61,043	19,970	403,309	484,322
New assets originated or purchased	537,446	9,091	-	546,537
Assets derecognised or repaid (excluding write offs)	(101,983)	(8,347)	(189,562)	(299,892)
Transfers to Stage 1	40	(24)	(16)	-
Transfers to Stage 2	(18,172)	18,224	(53)	0
Transfers to Stage 3	(428,787)	(21,876)	450,662	-
Amounts written off	-	(139)	(311,880)	(312,018)
Net monetary gain	(43,676)	(14,734)	(304,913)	(363,323)
At 5 January 2020	5,912	2,165	47,548	55,625

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 5 January 2020 and at 6 January 2019.

The decrease in ECLs of the portfolio was driven by an improvement in the quality of the loan book. This despite 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 retail customers vary but do not exceed 12 months. The maximum credit period on sales of goods, being the factory, is 390 days. Interest is charged on 3 month accounts at 5% per month, 8% per month on 6 months accounts and at 15% per month on 12 month accounts. Additional late payment interest is charged at 10% 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.

18 Equity

18.1 Share Capital

	Group 52 weeks to 5 January 2020 $	Group 52 weeks to 6 January 2019 $	Company 52 weeks to 5 January 2020 $	Company 52 weeks to 6 January 2019 $
Authorised ordinary share capital				
400 000 000 Ordinary shares of $0.0001 each ($0.00088) each - inflation adjusted)	352,000	352,000	352,000	352,000

18.1.1 Issued ordinary shares and premium

	Number of shares 000s	Share capital	Share premium	Issued capital total
Balance at 7 January 2018	294,528	259,187	3,310,771	3,569,958
Issue of shares under employee share option plan	-			-
Balance at 6 January 2019	294,528	259,187	3,310,771	3,569,958
Issue of shares under employee share option plan	5,363	2,121	1,609,511	1,611,632
Issue of shares for brand acquisition	15,000	7,927	7,919,261	7,927,188
Issue of shares for script dividend	12,099	5,384	5,379,023	5,384,407
Balance at 5 January 2020	326,990	274,619	18,218,566	18,493,185

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 – Zimed group Employee Trust (35 950 445 shares) and Edgars Employee Share Trust Company (524 150 shares).

In relation to the remaining 73 008 831 unissued shares, 67 537 232 are under the control of the Directors for an unlimited period, subject to the limitations contained in section 183 of the Companies and Other Business Entities Act (Chapter 24:03) and the balance of 5 471 599 are under the control of the shareholders in a general meeting.

		Group		Company	
		52 weeks to 5 January 2020	52 weeks to 6 January 2019	52 weeks to 5 January 2020	52 weeks to 6 January 2019
		$	$	$	$
18.2	Other reserves				
	Equity-settled employee benefits reserve	(8,878,599)	(8,878,599)	(8,878,599)	(8,878,599)
	Revaluation reserve	(34,760,798)	(14,386,262)	(35,852,391)	(15,477,855)
	Credit reserve	(1,805,704)	(1,727,003)	-	-
		(45,445,101)	(24,991,864)	(44,730,990)	(24,356,454)

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. The revaluation reserve is realised to retained earnings when the concerned assets have been fully utilised / depreciated.

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. The reserve is maintained for statutory purposes and adjusted each year against retained earnings.

		Group 52 weeks to 5 January 2020 $	Group 52 weeks to 6 January 2019 $	Company 52 weeks to 5 January 2020 $	Company 52 weeks to 6 January 2019 $
19	Trade and other payables				
	Trade accounts payable	106,554,816	24,799,452	106,550,357	24,799,452
	Sundry accounts payable and accrued expenses	21,795,629	45,643,092	21,462,884	45,223,092
		128,350,444	70,442,544	128,013,240	70,022,544

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

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

		Group 52 weeks to 5 January 2020 $	Group 52 weeks to 6 January 2019 $	Company 52 weeks to 5 January 2020 $	Company 52 weeks to 6 January 2019 $
19.1	Dividend payable				
	Dividend payable	370,059	2,190,339	370,059	2,190,339
		370,059	2,190,339	370,059	2,190,339
19.2	Contract payables				
	Lay bye deposits	31,616	141,604	31,616	141,604
	Deferred Income	606,783	2,247,932	606,783	2,247,926
		638,400	2,389,536	638,400	2,389,530

The significant increase in contract liabilities in 2019 was mainly due to suspension of the lay bye facility and the increase in the number of points generated by customers on the loyalty program.

	Group	Company
Amounts included in contract liabilities at the beginning of the year	2,389,536	2,389,530
Inflation effect	(2,004,844)	(2,004,844)
Receipts for which performance obligations are to be satisfied in future	253,707	253,708

Lay bye 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 5 January 2020	52 weeks to 6 January 2019	52 weeks to 5 January 2020	52 weeks to 6 January 2019
		$	$	$	$
20	Current tax liabilities / (receivables)				
	Normal tax	4,444,907	3,885,346	4,631,621	4,121,582
		4,444,907	3,885,346	4,631,621	4,121,582
	Disclosed in statement of financial position as follows:				
	Under current assets	(186,714)	(236,223)	-	-
	Under current liabilities	4,631,621	4,121,579	4,631,621	4,121,579
		4,444,907	3,885,356	4,631,621	4,121,579
21	Interest bearing loans and borrowings				
	Bank overdrafts	11,797,399	659,937	11,784,348	624,715
	Loans	48,056,559	50,940,861	48,056,559	50,940,861
		59,853,958	51,600,798	59,840,907	51,565,576
	Less: Long-term portion of loan disclosed under non-current liabilities	(24,244,255)	(22,694,348)	(24,244,255)	(22,694,348)
	Current portion	35,609,703	28,906,450	35,596,651	28,871,228
21.1	Secured – at amortised cost				
	Bank overdrafts	11,797,399	659,937	11,784,348	624,715
	Loans	48,056,559	50,940,861	48,056,559	50,940,861
		59,853,958	51,600,798	59,840,907	51,565,576
		59,853,958	51,600,798	59,840,907	51,565,576

21.2 Summary of borrowing arrangements

(i) Secured with a Notarial General Covering Bond over moveable assets, cession of fire policies, debtors book of $34.25 million (2018:$ 11 million) and a guarantee of US$ 1 million from shareholders.
(ii) The weighted average effective interest rate on all the borrowings is 20.47% (2018: 9.09%) per annum.
(iii) Tenures range between 90 days and 3 years.

		Group 52 weeks to 5 January 2020 $	Group 52 weeks to 6 January 2019 $	Company 52 weeks to 5 January 2020 $	Company 52 weeks to 6 January 2019 $
21.3	Reconciliation of loan movements				
	Opening balance	51,600,775	41,050,923	51,565,560	40,266,744
	Increase in net overdraft position	11,691,156	-	11,683,775	553,549
	Proceeds from borrowings	122,370,708	48,226,165	122,370,708	48,226,165
	Repayment of borrowings	(64,817,696)	(18,663,660)	(64,817,696)	(18,663,660)
	Net monetary gain / (loss)	(60,990,984)	(19,012,654)	(60,961,439)	(18,817,237)
	Closing balance	59,853,958	51,600,775	59,840,907	51,565,560

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 5 January 2020:

	Fair value measurement using			
	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
	52 weeks to 5 January 2020	52 weeks to 6 January 2019	52 weeks to 5 January 2020	52 weeks to 6 January 2019
	$	$	$	$
Assets measured at fair value:				
Land and buildings	34,151,365	10,121,733	34,151,365	10,121,733
Plant and machinery	9,252,355	10,160,120	9,150,713	10,160,115
Furniture, fittings and equipment	35,558,494	35,561,698	35,541,351	35,154,226
Computer equipment and software	7,778,434	8,743,751	7,489,100	8,466,349
Motor vehicles	8,054,501	12,243,622	7,702,514	11,894,195
	94,795,148	76,830,925	94,035,043	75,796,618

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

23 Leases

23.1 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.

23.1.1 Right of use assets

	Group and Company	
	Property	Total
	$	$
Balance at 6 January 2019	33,742,000	33,742,000
Effects of new leases and extended lease terms negotiated during the period	4,401,903	4,401,903
Effects of long lease tenures reclassified as short term leases during the period	(1,119,815)	(1,119,815)
Revised balance at 6 January 2019	37,024,088	37,024,088
Additions	-	-
Lease modifications	19,192,444	19,192,444
Depreciation for the year	(7,537,605)	(7,537,605)
Net monetary gain / (loss)	(28,309,865)	(28,309,865)
Balance at 5 January 2020	20,369,062	20,369,062

Lease modifications consisted of increases in fixed monthly rentals and in the incremental cost of borrowing.

23.1.2 Lease liabilities

Balance at 6 January 2019	33,742,000	33,742,000
Effects of new leases and extended lease terms negotiated during the period	4,401,903	4,401,903
Effects of long lease tenures reclassified as short term leases during the period	(1,119,815)	(1,119,815)
Revised balance at 6 January 2019	37,024,088	37,024,088
Lease modifications	19,192,444	19,192,444
Finance costs	3,290,978	3,290,978
Lease instalments paid	(8,681,330)	(8,681,330)
Net monetary gain / (loss)	(29,447,915)	(29,447,915)
	21,378,265	21,378,265
Disclosed as:		
Non-current portion of lease liabilities	10,020,155	
Current portion of lease liabilities	11,358,110	
	21,378,265	

23.1.3 Future minimum rentals payable under operating leases are as follows:

	Group and Company	
	52 weeks to 5 January 2020	Total 52 weeks to 6 January 2019
	$	$
Within one year	14,879,149	19,246,226
After one year but not more than five years	12,039,634	16,135,847
More than five years	268,860	-
	27,187,643	35,382,073

23.2 Group as a lessor

Rental income is derived from sub-leasing of the company's retail and office space to related and unrelated parties. These include microfinance space to Club Plus, residential space to employees and communications equipment installed on buildings by cellular mobile operators. Income from such arrangements is incidental to the group's operations.

23.2.1 Future minimum rentals receivable under operating leases are as follows:

	Group		Company	
	52 weeks to 5 January 2020	52 weeks to 6 January 2019	52 weeks to 5 January 2020	52 weeks to 6 January 2019
	$	$	$	$
Within one year	72,000	447,231.88	82,476	512,304.11
After one year but not more than five years	5,700	35,405.86	47,604	295,694.81
More than five years	-	-	-	-
	77,700	482,638	130,080	807,999

24 Future capital expenditure

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

Authorised and contracted for	-	-	-	-
Authorised but not yet contracted for	46,350,361	18,013,506	46,350,361	18,013,506
	46,350,361	18,013,506	46,350,361	18,013,506

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
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.

26.1 Market risk (continued)

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.

7 January 2020	Adjusted interest	Current year Interest	Impact on profit or loss gain/(loss)	Tax Effect	Impact on equity gain/(loss)
All figures in ZWL$	$	$	$	$	$
Increase of 200 basis points in interest rates	7,182,475	9,562,186	(2,379,711)	(612,776)	(1,766,935)
Decrease of 200 basis points in interest rates	4,788,317	9,562,186	(4,773,869)	(1,229,271)	(3,544,598)

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 ZWL$					
Increase of 200 basis points in interest rates	6,192,096	6,516,541	(324,445)	(83,545)	(240,901)
Decrease of 200 basis points in interest rates	4,128,064	6,516,541	(2,388,477)	(615,033)	(1,773,444)

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 5 January 2020	52 weeks to 6 January 2019	52 weeks to 5 January 2020	52 weeks to 6 January 2019
	United States Dollar	United States Dollar	South African Rand	South African Rand
Foreign denominated balances				
Assets				
Cash and cash equivalents	187,802	1,355,042	21,233	40,043
Liabilities				
Trade payables	7,990,904	-	81,018	-
Total net position	8,178,706	1,355,042	102,251	40,043
Impact of US$ strengthening by 10% -gain/(loss) in US$				
Impact on profit before tax	(49,568)	(8,212)	(620)	(243)
Impact of US$ weakening by 10% -gain/(loss) in US$				
Impact on profit before tax	60,583	10,037	757	297

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. There after 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 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

Trade receivables

The ageing analysis of trade receivables are as follows:

	5 January 2020				Historical 6-Jan-19	Inflation adjusted 6-Jan-19
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total	Total
	US$	US$	US$	US$	US$	US$
Internal ageing scale						
Performing						
Neither past due nor impaired	71,402,760	31,804	-	71,371,883	20,484,831	127,242,628
Past due but not impaired (<30 days)	19,058,878	22,731	-	19,081,609	4,172,369	25,916,893
Past due but not impaired (>30 days)	-	3,576,257	-	3,576,257	1,371,569	8,519,572
Non-Performing	-	-	-	-	-	-
Individually impaired	-	-	225,180	287,861	164,590	1,022,357
Total	90,461,637	3,630,793	225,180	94,317,610	26,193,357	162,701,449

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:

	5 January 2020				Historical 6-Jan-19	Inflation adjusted 6-Jan-19
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total	Total
	US$	US$	US$	US$	US$	US$
Internal ageing scale						
Performing						
Neither past due nor impaired	5,082,561	18,007		5,100,568	3,553,392	22,072,084
Past due but not impaired (<30 days)	1,073,527			1,073,527	477,719	2,967,374
Past due but not impaired (>30 days)		250,990		250,990	207,972	1,291,827
Non-Performing				-	-	-
Individually impaired			86,501	86,501	114,469	711,032
Total	6,156,088	268,997	86,501	6,511,586	4,353,551	27,042,317

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

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 Defaulty (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 cash flow 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

		Historical	Inflation adjusted
	52 weeks to 5 January 2020	52 weeks to 6 January 2019	52 weeks to 6 January 2019
	$	$	$
Unutilised banking facilities:			
Total banking and loan facilities	119,453,058	14,659,778	91,060,000
Actual interest bearing debt (note 21)	(59,853,958)	(8,307,229)	(51,600,798)
Unutilised banking facilities	59,599,099	6,352,549	39,459,202

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	372,978,722	83,544,708	518,942,448
Actual interest bearing debt (note 21)	(59,853,958)	(8,307,229)	(51,600,798)
	313,124,764	75,237,479	467,341,649
Cash and cash equivalents	8,881,604	6,621,957	41,132,640
Unutilised borrowing capacity	322,006,368	81,859,436	508,474,290

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

Group	On demand	less than 3 mths	3-12 mths	+1 year	Total
5 January 2020					
Interest bearing loans and borrowings	11,797,399	-	-	-	11,797,399
Trade and other payables	-	128,350,444	-	-	128,350,444
Lease liabilities	-	4,571,466	10,307,683	12,308,494	27,187,643
	11,797,399	132,921,910	10,307,683	12,308,494	167,335,487
6 January 2019					
Interest bearing loans and borrowings	659,937	4,767,533	21,743,041	30,369,786	57,540,297
Trade and other payables	-	70,442,544	-	-	70,442,544
	659,937	75,210,076	21,743,041	30,369,786	127,982,840

Company	On demand	less than 3 mths	3-12 mths	+1 year	Total
5 January 2020					
Interest bearing loans and borrowings	11,784,348	-	-	-	11,784,348
Trade and other payables	-	128,013,240	-	-	128,013,240
Lease liabilities	-	4,571,466	10,307,683	12,308,494	27,187,643
	11,784,348	132,584,706	10,307,683	12,308,494	166,985,231
6 January 2019					
Interest bearing loans and borrowings	624,715	4,767,533	21,743,041	30,369,786	57,505,075
Trade and other payables	-	70,022,544	-	-	70,022,544
	624,715	74,790,077	21,743,041	30,369,786	127,527,619

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 5 January 2020 was $355,239,318 (2018: $300,528,388). The historical capital at the same date was $163,091,462 (2018: $51,086,804).

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 5 January 2020 the gearing was 0.20 (6 January 2019: 0.21)

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 5 January 2020 Beneficial	52 weeks to 5 January 2020 Non-beneficial	52 weeks to 6 January 2019 Beneficial	52 weeks to 6 January 2019 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	4,174,545	100	2,336,299	100
T N Sibanda	-	100	-	100
L L Tsumba	-	100	-	100
T N Ndlovu	-	-	-	100
B Mpofu	-	-	-	-
Nominees	-	300	-	300
	4,183,545	900	2,751,965	1,000

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.

28 Related party disclosures (Group & Company)

	Group		Company	
	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $
Compensation of key management personnel of the Group				
Short-term employee benefits	18,019,210	17,801,209	16,641,797	16,361,304
Pension and medical benefits	1,326,907	2,035,323	1,196,003	1,844,596
Share-based payment transactions	4,135,762	2,091,356	4,135,762	2,091,356
Total compensation paid to key management personnel	23,481,879	21,927,888	21,973,562	20,297,255

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 Club Plus (Private) Limited (wholly owned subsidiary)		
Rental of premises	53,854	92,494
Interest on intercompany loan	1,274,293	2,249,337
	1,328,147	2,341,831
Balances		
Intercompany loan	5,874,729	24,449,093
Investment in subsidiary	8,701,260	8,701,260
	14,575,989	33,150,353
Transactions and balances between the Group and Edcon Holdings (Pty) Ltd		
Franchise fees	303,322	6,073,912
	303,322	6,073,912
Balances		
Accrual for franchise fees	2,357,545	14,678,986
Dividend payable	370,214	2,068,764
Accrual for franchise fees	2,727,759	16,747,750
Transactions and balances between the Group and Annunaki (Pvt) Ltd		
Commission paid for loan guarantees	765,000	-

	Group		Company	
	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $	52 weeks to 5 January 2020 $	52 weeks to 6 January 2019 $
29 Investment in Subsidiary				
Investment in Club Plus (Private) Limited	-	-	8,701,260	8,701,260

30 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	-	-	-	2,911,417
Inventory	-	-	-	18,679,888
Accounts receivable and prepayments	-	-	-	1,390,959
Trade & other payables	-	-	-	(753,430)
Cash and cash equivalents	-	-	-	44,040
Deferred tax liability	-	-	-	(50,686)
Bank overdraft	-	-	-	(553,549)
Net assets acquired	-	-	-	21,668,639
Loan balance written off	-	-	-	(21,719,307)
Loan on purchase	-	-	-	50,668
Cash acquired	-	-	-	-
Net cash outflow	-	-	-	-

33 Events after the reporting period

33.1 Covid-19 Pandemic

On 27 March 2020, Zimbabwe's President through through Statutory instrument (S.I) 82/3 of 2020, (Public Health – Covid-19 Prevention, Containment and Treatment) (National Lockdown), announced a 21days lock down on the whole economy with exclusions in some designated critical sectors. Our business is classified as non-essential, and thus for the duration of the lockdown all retail stores were closed. The full impact of Covid-19 is still difficult to financially quantify for most companies in the country and around the world, however directors have made the following assessment.

Ability to continue as a going concern ability of the group to continue as a going concern will be subject to ongoing assessment as the effect of the pandemic becomes known:

- The ongoing lockdown closed all retail stores, curtailing sales. As we re-open we are likely see slow takeoff of sales as the bulk of our merchandise is general not essential.
- The ensuring economic recession will see significant loss of jobs and subdued consumer spending impacting negatively on top line growth.
- We have been faced with the following fixed costs: Covid-19 sanitization and PPE, transport costs, security costs, and insurance and salary costs.
- Our current stocking levels are adequate to meet current demand for summer lines. Stocking levels for winter can now resume.
- We have no legal proceeding and/or projected legal issues to arise due to the covid-19 pandemic.
- Cash flows have been limited. Contingency plans to run the business on reduced capacity are being put in place.
- Loan obligations and lease rentals holidays are being renegotiated with banks and lessors. The company has been able to meet its loan repayment obligations timeously to date.

Impact on Statement of Financial Position

Line by line assessment on the current uncertainty (Covid-19 pandemic) may impact any of the amounts presented at 5 January 2020.

Line Description	Potential Impact
Property, plant & equipment	No impact
Accounts receivables	Moderate impact. We expect a delays in customer payments as personal cash flows are constrained.
Inventory	Moderate impact. Summer inventory may be repacked for sale next season but there is a risk of fashion items being obsolete.
Prepayments to suppliers	No impact
Cash & cash equivalents	No impact
Trade and other payables	We are delaying payments to suppliers to manage cash flow. Our strategy is negotiating with suppliers.
Loans	Moderate to severe impact. Meeting loan obligations will be subject to successful deferment negotiations and store re-opening. We expect to settle as they fall due timeously.
Lease obligations	We are delaying payments to lessors to manage cash flow. Our strategy is negotiating with lessors case by case.

33.2 Dividend Declaration

The Board declared a final dividend for the 2018 financial year of 0.5 cents per share on 3 May 2019.
Owing to cash flow constraints resulting from the Covid-19 pandemic, the Company will not declare a dividend for the 2019 financial year.

» Consolidated Statement of Profit or Loss and other Comprehensive Income

for the 52 weeks to 5 January 2020

Group: 52 weeks to 5 January 2020 ZWL$	Group: 52 weeks to 6 January 2019 ZWL$		Notes	Company: 52 weeks to 5 January 2020 ZWL$	Company: 52 weeks to 6 January 2019 ZWL$
		Profit or loss			
267,001,142	78,118,743	Revenue from contracts with customers	5	262,750,255	76,516,386
261,906,999	75,575,868	Sales of merchandise	5	261,906,999	75,575,868
(114,764,838)	(41,117,022)	Cost of sales		(114,764,838)	(41,117,022)
147,142,161	34,458,846	Gross profit		147,142,161	34,458,846
4,250,887	1,602,357	Income from microfinance institution		-	-
37,483	23,386	Other gains and losses	6	28,790	23,386
(10,040,121)	(2,330,018)	Credit management and debt collection costs		(7,474,469)	(1,364,158)
(35,626,636)	(12,505,486)	Store expenses		(35,626,636)	(12,505,486)
(50,020,444)	(15,534,128)	Other operating income and expenses		(49,642,424)	(15,772,563)
21,065,492	6,614,469	Finance income	7.6	21,660,304	6,843,287
(7,418,730)	(816,151)	Finance costs	7.7	(7,365,461)	(816,151)
69,390,094	11,513,275	Profit before tax	7	68,722,266	10,867,161
(17,788,895)	(3,015,175)	Income tax expense	10	(17,535,692)	(2,870,357)
51,601,199	8,498,100	Profit for the period		51,186,574	7,996,804
-	-	Other comprehensive income			
		Items that may not be reclassified to Profit and Loss			
9,148,651	6,543,853	Revaluation of property, plant and equipment		9,148,651	6,446,987
(1,861,749)	(1,685,059)	Deferred tax liability arising on revaluation		(1,861,749)	(1,660,116)
7,286,902	4,858,794	Other comprehensive income for the period (net of tax)		7,286,902	4,786,871
58,888,101	13,356,894	Total comprehensive income for the period		58,473,475	12,783,675
		Earnings per ordinary share	11		
18.37	3.29	Basic (cents per share)		18.23	3.10
18.09	3.28	Diluted (cents per share)		17.94	3.09

» Consolidated Statement of Financial Position

for the 52 weeks to 5 January 2020

Group: 5 January 2020 ZWL$ Audited	Group: 6 January 2019 ZWL$ audited		Notes	Company: 5 January 2020 ZWL$ audited	Company: 6 January 2019 ZWL$ audited
		Non-current assets			
25,676,220	14,525,571	Property, plant and equipment	13	25,325,271	14,334,694
20,369,062	-	Right of use asset		20,369,062	-
2,234,800	1,326,805	Intangible assets	15	2,229,385	1,319,294
-	-	Investment in a subsidiary	29	1,000,000	1,000,000
-	25,465	Deferred tax asset	14	-	-
48,280,082	15,877,841	Total non-current assets		48,923,719	16,653,987
		Current assets			
146,382,574	15,985,570	Inventories	16	146,365,104	15,985,569
117,284,451	25,518,659	Trade and other receivables	17	116,880,924	25,518,528
6,455,962	4,275,580	Loans and advances to customers	17.1	-	-
-	-	Intercompany loan	28	5,874,729	3,936,067
186,714	38,030	Income tax receivable	20	-	-
8,881,604	6,621,957	Cash and cash equivalents	12.4	8,170,901	5,645,151
279,191,305	52,439,795	Total current assets		277,291,657	51,085,315
327,471,387	68,317,636	Total assets		326,215,375	67,739,302
		Equity and liabilities			
		Capital and reserves			
3,523,164	405,690	Issued capital	18	3,523,164	405,690
15,133,369	7,767,764	Other reserves	18	14,710,286	7,423,384
84,580,970	34,606,121	Retained earnings		84,109,324	34,470,399
103,237,504	42,779,575	Total capital and reserves		102,342,774	42,299,473
		Non-current liabilities			
9,011,138	4,489,417	Deferred tax liabilities	14	9,000,112	4,464,474
24,244,255	3,653,570	Long term portion of interest bearing loans and borrowings	21	24,244,255	3,653,570
10,020,155	-	Lease liabilities		10,020,155	-
43,275,549	8,142,987	Total non-current liabilities		43,264,523	8,118,044
		Current liabilities			
128,350,444	11,340,568	Trade and other payables	19	128,013,240	11,272,951
370,058	352,622	Dividend payable	19.1	370,059	352,623
4,631,621	663,534	Current tax liabilities	20	4,631,621	663,534
638,400	384,692	Contract liabilities	19.2	638,399	384,690
35,609,703	4,653,658	Interest bearing loans and borrowings	21	35,596,651	4,647,988
11,358,110	-	Lease liabilities		11,358,110	
180,958,334	17,395,074	Total current liabilities		180,608,079	17,321,785
224,233,883	25,538,061	Total liabilities		223,872,602	25,439,829
327,471,387	68,317,636	Total equity and liabilities		326,215,376	67,739,303

» Consolidated Statement of Cashflows

for the 52 weeks to 5 January 2020

Group 52 weeks to 5 January 2020 ZWL$	Group 52 weeks to 6 January 2019 ZWL$		Notes	Company 52 weeks to 5 January 2020 ZWL$	Company 52 weeks to 6 January 2019 ZWL$
		Cash flows from operating activities			
69,390,094	11,513,275	Profit before tax		68,722,266	10,867,161
		Adjusted for:			
(21,065,492)	(6,614,469)	Finance income		(21,660,304)	(6,843,287)
7,418,730	816,151	Finance costs		7,365,461	816,151
20,019,190	3,118,193	Non-cash items	12.1	19,851,693	2,998,691
(109,285,964)	(7,186,148)	Movements in working capital	12.2	(106,830,638)	(3,511,306)
(33,523,443)	1,647,002	Cash generated from operations		(32,551,523)	4,327,411
15,794,127	6,272,603	Finance income received		16,388,939	6,501,421
(6,799,927)	(923,722)	Finance costs paid		(6,746,658)	(923,722)
(2,152,928)	-	Lease interest paid		(2,152,928)	-
(11,282,824)	(3,645,785)	Taxation paid	12.3	(10,892,485)	(3,437,471)
(37,964,995)	3,350,099	Cash inflow from operating activities		(35,954,655)	6,467,639
		Cash flows from investing activities			
(4,880,951)	(2,216,051)	Payments for property, plant and equipment	13	(4,679,146)	(2,168,220)
-	168,607	Proceeds from disposal of property, plant and equipment		-	168,607
-	-	Loans advanced to subsidiaries			(5,877,268)
-	-	Loans advances received from subsidiaries		(1,938,662)	2,842,490
-	-	Investment in subsidiary		-	(900,000)
(4,880,951)	(2,047,444)	Net cash used in investing activities		(6,617,808)	(5,934,391)
		Cash flows from financing activities			
407,596	-	Proceeds from exercise of share options		407,596	-
52,750,000	6,000,000	Proceeds from borrowings	21.3	52,750,000	6,000,000
(12,894,422)	(2,357,802)	Repayment of borrowings	21.3	(12,894,423)	(2,363,473)
(6,528,402)	-	Payments of principal portion of lease liabilities		(6,528,402)	-
(320,333)	(619,323)	Payments of dividend		(320,333)	(619,323)
33,414,439	3,022,875	Net generated from financing activities		33,414,438	3,017,204
(9,431,507)	4,325,530	Net increase in cash and cash equivalents		(9,158,025)	3,550,452
6,515,713	2,296,428	Cash and cash equivalents at the beginning of the period		5,544,578	2,087,610
-	(106,244)	Cash balances from Carousel		-	7,090
(2,915,795)	6,515,714	Cash and cash equivalents at the end of the period		(3,613,447)	5,645,151
		Comprised of:			
8,881,604	6,621,957	Bank and cash balances		8,170,901	5,645,151
(11,797,399)	(106,244)	Bank overdraft		(11,784,348)	(100,573)
(2,915,795)	6,515,713			(3,613,447)	5,544,578

» Consolidated Statement of Changes in Equity

for the 52 weeks to 5 January 2020

GROUP	Notes	Issued capital ZWL$	Equity-settled employee benefits reserve ZWL$	Revaluation reserve ZWL$	Credit reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Balance at 8 January 2018 (as reported)		405,690	1,008,964	1,627,549	-	27,176,399	30,218,602
Change in accounting policy - IFRS 9		-	-	-	-	176,026	176,026
Transfer to credit reserve		-	-	-	13,372	(13,372)	-
Balance at 8 January 2018 (restated)		405,690	1,008,964	1,627,549	13,372	27,339,053	30,394,628
Dividends declared		-	-	-	-	(971,946)	(971,946)
Transfer to credit reserve		-	-	-	259,087	(259,087)	-
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
Other comprehensive income for the period		-	-	4,858,794	-	-	4,858,794
Balance at 7 January 2019		405,690	1,008,964	6,486,343	272,459	34,606,120	42,779,576
Dividends declared		-	-	-	-	(1,547,647)	(1,547,647)
Issue of ordinary shares under employee share option plan		407,596	-	-	-	-	407,596
Scrip dividend		1,209,878	-	-	-	-	1,209,878
Issue of shares for brand purchase transaction		1,500,000	-	-	-	-	1,500,000
Total comprehensive income for the period		-	-	7,286,902	-	51,601,199	58,888,101
Profit for the year		-	-	-	-	51,601,199	51,601,199
Other comprehensive income for the period		-	-	7,286,902	-	-	7,286,902
Transfer to credit reserve		-	-	-	78,702	(78,702)	-
Balance at 5 January 2020		3,523,164	1,008,964	13,773,245	351,161	84,580,970	103,237,504

» Analysis of Issued Ordinary Shares

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	1,103,715	0.34	890	70.02
5001-10000	593,240	0.18	85	6.69
10001-25000	1,745,676	0.53	109	8.58
25001-50000	1,518,845	0.46	42	3.30
50001-100000	1,959,284	0.60	28	2.20
100001-200000	5,183,222	1.59	37	2.91
200001-500000	9,512,822	2.91	29	2.28
500001-1000000	14,420,347	4.41	20	1.57
1000001 and Above	290,954,018	88.98	31	2.44
Totals	326,991,169	100.00	1,271	100.00

Industry	Shares	Shares %	Shareholders	Shareholders %
FOREIGN COMPANIES	132,883,806	40.64	03	0.24
PENSION FUNDS	52,862,732	16.17	108	8.50
LOCAL COMPANIES	48,408,083	14.80	104	8.18
TRUSTS	36,346,180	11.12	12	0.94
FOREIGN NOMINEE	17,742,110	5.43	06	0.47
INSURANCE COMPANIES	16,355,177	5.00	03	0.24
LOCAL INDIVIDUAL RESIDENT	12,390,164	3.79	921	72.46
LOCAL NOMINEE	8,876,904	2.71	36	2.83
CHARITABLE	553,820	0.17	02	0.16
NEW NON RESIDENT	256,971	0.08	35	2.75
FOREIGN INDIVIDUAL RESIDENT	199,300	0.06	04	0.31
OTHER INVESTMENTS & TRUST	71,175	0.02	14	1.10
DECEASED ESTATES	25,762	0.01	11	0.87
FUND MANAGERS	17,219	0.01	03	0.24
BANKS	1,066	0.00	02	0.16
DIRECTORS	700	0.00	07	0.55
Totals	326,991,169	100.00	1,271	100.00

» Shareholders Financial Calendar

Financial Year Ending 5 January 2020		
Interim Results for the Half Year ending 7 July 2019	Published	30 October 2019
Analysts Briefing and Announcement of Results		30 April 2020
Notice to Shareholders		May 2020
Annual Report including Annual Financial Statements	Published	30 April 2020
Annual General Meeting		16 June 2020

Financial Year Ending 3 January 2021		
Interim Results for the Half Year ending 5 July 2020	Published	August 2021
Analysts Briefing and Announcement of Results for Financial Year 2020		September 2021
Notice to Shareholders		March 2021
Annual Report including Annual Financial Statements	Published	March 2021
Annual General Meeting		May 2021

» Notice to Members

Notice is hereby given that the 71st Annual General Meeting of members will be held at Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo, on 16 June 2020 at 10.00 hours. Shareholders are advised that in light of the current regulations which prohibit gatherings in excess of 50 people and promote social distancing on account of the COVID-19 pandemic the Company will endeavour to facilitate a virtual meeting the modalities of which will be communicated to shareholders in due course. Following is the Agenda for the meeting:-

Ordinary Business

1. To approve minutes of the Annual General Meeting held on 11th July 2019.

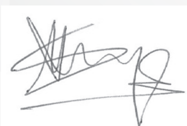
2. To receive and adopt the annual financial statements and reports of the directors for the financial year ended 5 January 2020. NB: The full annual report can be viewed online at www.edgars.co.zw

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

   3.1 Mrs. B Mpofu, having been appointed after the 2019 AGM, resigns from the Board on 31 May 2020.
   3.2 Mrs. L Masterson retires from the Board on 30 June 2020.
   3.3 Mr. T N Sibanda retires by rotation and being eligible he offers himself for re-election.
   3.4 Mr. C F Dube retires by rotation and being eligible he offers himself for re-election.
   3.5 Ms. T N Ndlovu retires by rotation and being eligible she offers herself for re-election.
   3.6 Mr. B Ndlovu, having been appointed after the 2019 AGM, retires by rotation at this Annual General Meeting and being eligible he offers himself for re-election.
   3.7 Mr. M Hosack, having been appointed after the 2019 AGM, retires by rotation at this Annual General Meeting and being eligible he offers himself for re-election.

4. To approve the remuneration of the directors for the year ended 5 January 2020.

5. To appoint auditors for the ensuing year and to approve their remuneration for the past year. Ernst & Young Chartered Accountants have been external auditors of the Group for over 10 years.



V. Nxumalo
Company Secretary
27 May 2020

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 12 June 2020.

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

For use by members at the Annual General Meeting of the Group to be held on 16 June 2020 at 10.00am

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 Tuesday, 16th of June 2020 at 10.00 am 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). NB: As per notice the Company will endeavour to facilitate a virtual meeting. Modalities will be communicated accordingly.

Each member is entitled to appoint one or more proxies (whether a member/s of the Group 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 11th July 2019)			
Ordinary Resolution No 2 *(Receipt and adoption of the annual financial statements for the year ended 5 January 2020)*			
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 ____________________ 2020

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 initialed 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, emailed 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 12th of June 2020.

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 reg

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
Vuyo Nxumalo

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

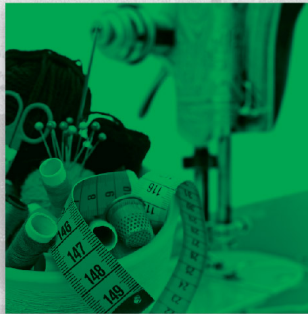
Telephone: 263-292-881121/7

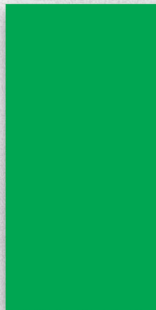
Co-ordination
Group Finance

Design and production
Charisma

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

EDGARS STORES
LIMITED





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