Edgars Stores Limited

(Registration number 379/1948)
Financial statements
for the year ended 08 January 2023

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(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

General Information

Country of incorporation and domicile
Zimbabwe

Nature of business and principal activities
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.

Directors
R Mlotshwa (retired 01 December 2022)
C F Dube
S Mushosho (appointed 16 June 2022)
T N Sibanda
T N Ndlovu
H Vundla
M Hosack
C Claassen (appointed 01 March 2022)

Registered office
Edgars Head Office
Cnr Ninth Avenue/ Herbert Chitepo P O Box 894
BULAWAYO

Bankers
First Capital Bank Zimbabwe Limited
Cnr Main Street/ Eighth Avenue P O Box 702
BULAWAYO

Auditors
Deloitte & Touche
West Block, Borrowdale Office Park Borrowdale
HARARE

Secretary
S Mate (appointed 2 May 2022)

Legal advisors
Coghlan& Welsh Legal Practitioners Barclays Bank Building
Eighth Avenue P O Box 22 BULAWAYO

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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).

The inflation adjusted consolidated and separate financial statements of the group have not been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC) as a result of non-compliance with IAS 21 Effects of Changes in Exchange Rates and IFRS 13 "Fair Value Measurements". The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year from the date of signing this report and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 7 to 13.

The financial statements set out on pages 14 to 75, which have been prepared on the going concern basis, were approved by the board of directors on 8 May 2023 and were signed on their behalf by:

Approval of financial statements

Director **Director**

Cairman's Report

The Directors of Edgars Stores Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements. The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements.

The principal accounting policies of the Group are consistent with those applied in the previous annual financial statements.

Cautionary – reliance on these hyperinflation adjusted financial statements

The Directors would like to advise users to exercise caution on their use of these financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in Zimbabwe at the beginning of 2019 and its consequent impact on the usefulness of the financial statements for subsequent reporting periods. This was further compounded by the adoption of International Accounting Standard (IAS) 29 'Financial Reporting in Hyperinflationary Economies'.

Whilst the Directors have exercised reasonable due care in applying judgements that were deemed to be appropriate in the preparation of these financial statements, certain distortions may arise due to the various economic factors that may affect the relevance and reliability of the financial information presented in economies such as Zimbabwe, that are experiencing hyperinflation.

Operating environment and overview

Throughout the financial reporting period ending 08 January 2023, the operating environment has remained volatile in comparison to the prior year. Despite the relaxation of COVID-19 restrictions, the impact of the lockdowns experienced in the prior period continued to affect the business operations. Arising out of the Covid lockdowns in 2021, the business lost 7 trading weeks, this included the winter season. As a result, there was a build - up of aged merchandise, which due to lack of desirability had slower than planned stock turn levels. The Board took a conscious decision to markdown inventory to its most realistic realisable value. This markdown has been recognised in the profit and loss and resultantly both retail chains have not been profitable. The markdown was implemented mostly during November 'Black Friday' trading and into December high season. Prior to this, forward weeks cover stood at: Edgars (16.4 weeks) and Jet (19.3 weeks). At the end of the reporting period the chains closed at 11.0 weeks and 13.7 weeks respectively.

The first half of the year saw a marked volatility in the availability of the foreign currency on the official platforms resulting in a widening gap between the official rate and the alternative market. A series of policy interventions was instituted in May 2022 and July 2022, with the effect of slowing down the rate of inflation and reduction of the gap between the official rate and alternative market. Whilst the interventions, particularly in respect of money supply and ZWL$ interest rates, achieved their desired objectives, they also brought an increased cost of borrowing for the business. This saw the finance costs rising threefold against a drop in credit sales flowing from reduced consumer demand.

The Russia-Ukraine war as well as the Suez Canal blockage resulted in disruption of global supply chains and increase in energy costs. The business has benefited from the convenience of the multi-currency trading environment with roll out of the USD credit to mitigate value erosion.

Operating costs grew 65% over prior year, with occupancy, employment, intermediated transaction tax and fuel costs being the lines that contributed most significantly to the increased overhead. Management remains focused on recalibrating the business models in response to these price corrections to preserve value and build a strong balance sheet for the business.

Financial performance (based on inflation-adjusted results)

Notwithstanding the challenges in the operating environment, the Group managed to close the period with an improved performance over the year. The Group reported Revenue of ZWL35.9billion which is 51.7% up from that achieved in 2022 of ZWL23.7billion. The growth in real terms is attributed to volume recovery, replacement cost-based pricing, ongoing cost management as well as initiatives implemented by Management to ensure fresher stock availability in our stores, regardless of the supply chain challenges. Profit before tax of ZWL1.9billion was a decline of 5.7% from the prior period of ZWL2.0billion. Profit for the year was weighed down by higher finance costs emanating from the revision of the minimum lending rates to 200% as promulgated by the Reserve Bank of Zimbabwe. The result was the finance costs of ZWL$4.3billion, a growth of 117% on prior year of ZWL$1.9billion. The business was not able to recover these costs from our customers. Unlike FMCG, with speciality retail that Edgars is in, merchandise has to be ordered and paid for 6 months before it is received. Further to that, merchandise is then sold on a 6 month basis and clearly interest rates as alluded to above are not suitable for this type of business. The Group achieved basic earnings per share of 13.2 cents (2022: 335.12 cents).

Total Group units sold increased by 13.1% from 2.4million to 2.7million compared to the same period last year.

Financial performance (based on inflation-adjusted results) (continued)

Trading in foreign currency since April 2020 has allowed our retail chains to improve stock assortments, which in turn has increased traffic in our stores. While a sizable portion of our cash sales are in foreign currency, we believe that this proportion can be increased through favourable and consistent application of regulatory policies around trading in foreign currency.

Gearing reduced to 0.58 in the current year from a prior year of 0.62. Funding was channelled towards growing the debtors' book as well as store expansion initiatives. At the end of the reporting period, the company had USD134k foreign liabilities which it will be able to service from existing resources.

Retail performance

Total retail merchandise revenue amounted to ZWL26.2billion representing a 36.8% increase from prior year. The split between credit and cash sales for the ZWL was 48.8% (2022: 61.2 %) and 51.2% (2022: 38.8 %) while the USD sales had credit sales contribution of 71% and cash sales of 29.0%.

The Edgars chain recorded turnover of ZWL14.6billion up 41.6% from prior year of ZW10.3billion, and the 1.16m units sold were up 21.1% from 956k in the comparative period. The split between credit and cash sales for ZWL was 54.5% (2022: 69.1 %) and 45.5% (2022: 31.2%) while the USD sales had credit sales of 71.6% and cash sales of 28.4%. We revamped our Masvingo store in November 2022. Stock covers closed at 11 weeks (2022:20.5weeks).

Total sales for the Jet chain were ZWL11.7billion up 35.58% from ZWL8.6billion achieved in the comparative period. The split between credit and cash sales for ZWL was 43.1% (2022: 45.5 %) and 56.9% (2022: 54.5 %) while the USD sales had credit sales of 70.3% and cash sales of 29.7%. Total units sold for the period were up 7.9% from 1.44m to 1.56m. The Chain increased its store count to 36 stores from 31 stores in the comparative period. Stock covers closed at 13.7 weeks (2022:16.2 weeks).

Jet achieved the second spot on the Marketers Association of Zimbabwe's Superbrand awards thanks to our aggressive digital marketing campaigns. The focus of the entire year's communications was to boost awareness of our fresh merchandise, engage customers, and cultivate a base of loyal customers.

Financial services

The gross retail debtors' book closed the period at ZWL8.2billion up 24.0% from ZWL6.56billion in the comparative period with the USD debtors book ending the year at USD6.6million while the ZWL book closed the year at ZWL2.5billion. Active account growth for the USD book grew to 64k accounts attributed to various account drive initiatives. The asset quality as at 08 January 2023 was 90.4% for the USD book and at 61.5% for the ZWL book (2022: 84.6%) in current status. Expected credit losses (ECLs) as at 08 January 2023 were 4.0% of the book compared to 1.9% as at 09 January 2022, although this reflects Management's prudent application of the related credit loss accounting standards, the 'deterioration' was fuelled by the increase in ZWL interest rates in July 2022 in line with Reserve Bank of Zimbabwe Government directives.

Club Plus Microfinance

The loan book closed at ZWL698million (2022: ZWL521m) representing a 34% increase from prior year. Asset quality remains positive with over 82% of the USD book being in current while the ZWL book was 54.5% in current with effect of the 200% interest rate adjustment still being felt. Improved efficiencies in loan approval and disbursement processes have resulted in increased turnaround. We have seen an increase on the uptake of loan applications through our digital platforms, which has provided our customers with added convenience.

Carousel Manufacturing

The Manufacturing Division recorded a turnover of ZWL2.4billion up 102% over prior year. Total units sold were down 12.66% to 141k (2022:161k). Revenue was adversely affected by depressed sales in the retail space. Management pursued alternative markets mostly in the local corporate wear sector and beyond our borders. This initiative resulted in an increase in sales contribution from the open market which accounted for 39% of total sales.

Chairman's Report

Effect of COVID-19

The Group will continue to implement best practice protocols to ensure the safety of its employees, customers, suppliers and all other stakeholders. Covid -19 brought about significant disruptions to international supply chains resulting in longer lead times and delays in shipping of imported merchandise, and challenges such as shortages of shipping containers and port space. There was also an impact on production and delivery of local merchandise due to delays in receiving imported fabrics and trims.

The effect of Covid-19 brought about new ways of doing business which has become the 'new norm'. This is characterised by improved engagement with customers across social media platforms, including the setting up of online stores and convenient payment platforms.

Board membership

On 01 March and 16 June 2022 respectively, the Group welcomed Mr Christo Claassen, CA (SA), a seasoned retail specialist, who joined as a Non-Executive Director and Mr Sevious Mushosho, CA (Z), seconded by Sub-Sahara Capital Group.

The Group bade farewell to its longest serving stalwart, Mr Raymond Mlotshwa, who retired from the Board with effect from 01 December 2022. On behalf of management, staff and the Board of Directors, I wish to convey the Group's appreciation for the years of dedicated service to the Group.

Outlook

Management continues to remodel the business to capitalise on opportunities that arise in the very uncertain operating environment. Cost containment remains a focus area so as to ensure long term viability of the business.

The Group seeks to expand its geographic footprint through the opening of new stores in strategic locations. Smart merchandise procurement and optimal inventory planning remain key focus areas to ensure that target margins are achieved without compromising the merchandise quality. We will continue to transform our customer experience through updating our stores to world class standards, offering widened merchandise ranges at affordable prices and flexible credit terms.

The recovery of the business is premised on the back of improved access to foreign currency through domestic sales to cover import requirements, a stable exchange rate and slower inflation.

On the currency front, the environment has remained turbid marked by the sharp depreciation of the local currency. Some measure of macro-economic instability has been noticed with increase in cost of basic commodities. The authorities need to step in various measures to help stabilise the foreign exchange market and tame inflation.

Dividend

Regrettably, the Company will not declare a dividend for the 52 weeks to 08 January 2023. The position will be reviewed having assessed performance in the current year.

Appreciation

I wish to record my appreciation to Management and staff for their great effort in sustaining the business in a difficult operating environment. I also thank my fellow directors for their wise counsel and our customers, suppliers, and stakeholders for their ongoing support.

T N SIBANDA
CHAIRMAN
08 May 2023

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS.
TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the accompanying inflation adjusted consolidated and separate financial statements of Edgars Stores Limited (The "Company") and its subsidiaries (the "Group"), which comprise the inflation adjusted consolidated and separate statement of financial position for the 52 weeks ending 08 January 2023, the inflation adjusted consolidated and separate statement of comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity and inflation adjusted consolidated and separate statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements do not present fairly, the financial position of the Group for the 52 weeks ending 8 January 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for Adverse Opinion

Non–compliance with International Financial Reporting Standard 13 "Fair Value Measurements" (IFRS 13) and International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) in the determination of the value of Property, Plant and Equipment.

The method of determining the fair value of Property, Plant and Equipment as at 9 January 2022 was not an accurate reflection of market dynamics and the risk associated with ZW$ transactions on a willing buyer, willing seller basis. As detailed in note 1.5 and 2, in the prior year the Group engaged professional valuers to determine fair values in USDs, and management subsequently determined the ZW$ equivalent fair values by translating those USD valuations using an estimated exchange rate.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. In the prior year, we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable. However, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZW$/USD blended exchange rate in the determination of the final ZW$ fair valuations presented for the prior year. The Group did not disclose the unobservable significant inputs applied in the determination of fair value as is required by IFRS 13.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS.
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Report on the Audit of the Financial Statements

Basis for Adverse Opinion (continued)

Non–compliance with International Financial Reporting Standard 13 "Fair Value Measurements" (IFRS 13) and International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) in the determination of the value of Property, Plant and Equipment (continued)

IFRS 13 further requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and

- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique

We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZW$/USD blended exchange rate in determining the ZW$ fair value of Property, Plant and Equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of Property, Plant and Equipment in ZW$. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZW$ valuations of Property, Plant and Equipment to the blended exchange rate and related underlying USD values; and

- the extent to which supply and demand for the items of Property, Plant and Equipment reflects the implications on market dynamics of the blended exchange rate.

IAS 29 par 19 further requires non-monetary assets restated from the date of revaluation (Property, plant and equipment), to thereafter be reduced to their recoverable amount. The ZW$ recoverable amount could not be accurately determined in the current and prior years.

Non-compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS 21) on comparative and current year financial information.

During the comparative and current year, the Group applied exchange rates that did not meet the definition of spot exchange rates in accordance with IAS 21, as they were not available for immediate delivery during the comparative and current year. The financial effects on the inflation adjusted consolidated and separate financial statements, of this departure in the comparative and current year, was not determined. Our opinion on the current year's financial information is modified because of the possible effects of the matter on the current year information and that of the prior year.

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 inflation adjusted Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS.
TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

Report on the Audit of the Financial Statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Adverse Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Determination of Expected Credit Losses (ECL)	
As at 8 January 2023, Gross Trade receivables amounted to ZW$ 8 230 887 617 (2022: ZW$6 636 488 990) against which an expected credit loss of ZW$324 115 270 (2022: ZW$120 865 323) was recognized. As detailed in note 1.8.1.4, the group's trade receivables financial assets are assessed for impairment based on the forward-looking ECL approach. The Group measures ECL by projecting the probability of default, exposure at default, timing of when loss is likely to occur, and loss given default. The ECL is calculated by multiplying these components together. In determining the ECL, management make use of independent external experts and apply significant judgements and assumptions. To respond to the increased estimation uncertainty included in the ECL model calculation, and the dynamic economic environment the independent experts recalibrated the ECL Model. Due to the size of the balance, the complexity and the judgement inherent in the calculation of the related ECL allowance, and the significant amount of time and specialist resources focused on this matter, the ECL on Trade Receivables has been identified to be a Key Audit Matter.	We performed the following audit procedures: • We assessed the competence, capabilities, objectivity, and independence of the management's independent experts, and assessed their qualifications. • We engaged the auditor's expert to evaluate the reasonability of the ECL determined by management's experts, and assessed the competence, capabilities, objectivity, and independence of the auditor's expert. • The auditor's expert procedures included, but were not limited to the following: - An assessment of the model methodology against the requirements of IFRS 9, - An assessment of the appropriateness of forward-looking macro-economic information, and - Recalculated the ECL based on supporting schedules to evaluate the accuracy of the determined ECL. • We tested the design and implementation of controls with respect to the process of determining the ECL. • We evaluated the completeness of the data in the ECL model by reconciling the data used in the model to the debtor's source data. • We assessed the disclosures in the annual financial statements relating to the expected credit losses on trade receivables in terms of the disclosure requirements of IFRS 9: Financial Instruments and IFRS 7: Financial Instruments disclosures. Based on the audit procedures performed, the ECL determined was reasonable, and the disclosures in the inflation adjusted consolidated and separate financial statements were appropriate, as required by IFRS.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS. TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

Report on the Audit of the Financial Statements

Key Audit Matters

Key Audit Matter	How the matter was addressed in the audit
Valuation of inventory	
The Group holds significant inventories and records allowance for identified obsolete inventories. Gross Inventory on hand at year end amounted to ZW$ 19 395 186 817 (2022: ZW$ 6 400 402 946) followed by the recognition of an Inventory obsolescence provision of ZW$ 15 335 620 001 (2022: ZW$ 120 295 898). The Group categorised its inventories which comprises mainly of finished goods, into different brackets. Each ageing bracket is subject to different allowances, which are based on historical sales, inventory ageing, allowance patterns as well as developments in the Zimbabwe economy insofar as they impact sales of finished goods. The Group carries inventory at the lower of cost or net realisable value. The cost of inventory is determined using the weighted average cost method. The net realisable value determination contains significant assumptions as the method is impacted by the timing of markdowns, which could impact the gross margin. Judgement by management is also required in the application thereof, as far as it relates to gross margin percentages and markdowns. The valuation of inventory was determined to be a key audit matter in the audit of the Group as a result of the significance of the balance, the complex nature of the calculations and the level of judgement applied by management in determining the valuation and the appropriate level of obsolescence required in the current year.	Our IT specialists performed specific procedures to test the automated controls pertaining to the accuracy of the inventory ageing. The accuracy and completeness of the purchase data in the system was assessed through the testing of relevant automated and manual controls in the procurement process, as well as substantive procedures. We performed the following audit procedures with the assistance of our data analytics specialists: • Based on the above procedures evaluated the extent to which the weighted average product ("WAC") cost approximated the cost as required by IAS 2; • Tested the underlying purchases and relevant controls with respect to the establishment of the WAC; • Assessed markdowns pre- and post- year end to ensure that there was no unfair bias in the valuation of inventory, and that the inventory obsolescence was reasonable; • Challenged the management assumptions emanating from the trigger points and events during the year, that would have informed their judgement with respect to the assumptions underlying the inventory obsolescence provision. • Performed retrospective procedures to assess the adequacy of the previous year's Inventory obsolescence provision, based on the judgements applied by the Directors based on the information available, at that point in time. • Considered whether the provision for obsolete inventory, built into the WAC valuation method of inventory, adequately covered the risk of overstatement of inventory; • Considered the adequacy of the disclosures in the inflation adjusted consolidated and separate financial statements as required by IFRS. Based on the procedures performed we determined the assumptions used in the application of the WAC to be reasonable. The Directors' judgements supporting the inventory provision were determined to be reasonable, and the disclosures in the inflation adjusted consolidated and separate financial statements were appropriate , as required by IFRS.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS.
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Report on the Audit of the Financial Statements

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies and Other Business Entities Act (Chapter 24:31), the Supplementary Information (Historical Financial Statements), which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated and separate 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 separate 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 separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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, we have concluded that the other information is materially misstated for the same reasons with respect to the amounts or disclosures items in the Directors' Report and historical financial information, at the reporting date.

Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate 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 separate financial statements.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS.
TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

Report on the Audit of the Financial Statements

Auditor's responsibilities for the audit of the inflation adjusted consolidated and separate financial statements (continued)

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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

We also provide those charged with governance 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, actions taken to eliminate threats or safeguards.

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 separate 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.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS.
TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

Report on the Audit of the Financial Statements

Report on other legal and regulatory matters

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)(a)
Because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements of the Group are not properly drawn up in accordance with the Act and do not give a true and fair view of the state of the Group's affairs at the date of its financial statements.

Section 193(2)
We have no matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already addressed in the Basis for Adverse Opinion section of our report.

Deloitte & Touche

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Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Tapiwa Chizana
Partner
Registered Auditor
PAAB Practice Certificate Number: 0444

8 May 2023

Edgars Stores Limited
(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Hyperinflated Financial Statements
Statement of Financial Position as at 08 January 2023

		Group		Company	
Figures in Zimbabwe dollar	**Note(s)**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
Assets					
Non-Current Assets					
Property, plant and equipment	2	2 425 054 880	2 558 110 412	2 326 877 239	2 484 055 132
Right-of-use assets	3	2 445 071 001	1 603 069 165	2 445 071 001	1 603 069 165
Intangible assets	4	234 658 642	247 382 774	233 852 955	246 308 524
Investments in subsidiary	5	-	-	215 672 668	215 672 668
Deferred tax	6	52 166 418	-	-	-
		5 156 950 941	**4 408 562 351**	**5 221 473 863**	**4 549 105 489**
Current Assets					
Inventories	8	4 059 566 816	6 280 107 048	4 053 884 481	6 276 857 616
Loans and advances to customers	9	697 977 870	521 076 657	-	-
Trade and other receivables	10	8 707 659 816	6 560 513 362	8 635 455 641	6 539 930 650
Current tax receivable	35	-	17 901 997	-	72 865 210
Intercompany loan	7	-	-	223 130 609	199 764 550
Bank and cash balances	11	2 292 256 766	1 542 929 004	2 178 648 521	1 384 978 459
		15 757 461 268	**14 922 528 068**	**15 091 119 252**	**14 474 396 485**
Total Assets		**20 914 412 209**	**19 331 090 419**	**20 312 593 115**	**19 023 501 974**
Equity and Liabilities					
Equity					
Share capital	12	911 408 184	911 408 184	911 408 184	911 408 184
Reserves		927 215 758	927 215 758	886 875 701	886 875 701
Retained income		6 743 490 553	6 549 042 287	6 657 428 508	6 604 479 439
		8 582 114 495	**8 387 666 229**	**8 455 712 393**	**8 402 763 324**
Liabilities					
Non-Current Liabilities					
Borrowings	16	68 550 893	-	68 550 893	-
Lease liabilities	3&17	-	604 692 795	-	604 692 795
Deferred tax	6	822 757 822	934 885 409	822 757 822	919 354 252
		891 308 715	**1 539 578 204**	**891 308 715**	**1 524 047 047**
Current Liabilities					
Trade and other payables	18	3 530 961 468	3 468 934 547	3 474 842 581	3 448 255 692
Borrowings	16	4 853 258 253	5 199 721 235	4 589 737 700	4 913 245 707
Lease liabilities	3&17	2 533 357 732	585 252 772	2 533 357 732	585 252 772
Current tax payable	35	335 171 271	-	179 393 719	-
Dividend payable	20	2 044 759	2 044 759	2 044 759	2 044 759
Contract liabilities	19	186 195 516	147 892 673	186 195 516	147 892 673
		11 440 988 999	**9 403 845 986**	**10 965 572 007**	**9 096 691 603**
Total Liabilities		**12 332 297 714**	**10 943 424 190**	**11 856 880 722**	**10 620 738 650**
Total Equity and Liabilities		**20 914 412 209**	**19 331 090 419**	**20 312 593 115**	**19 023 501 974**

The financial statements and the notes on pages 14 to 75, were approved by the board of directors on the 8th of May 2023 and were signed on its behalf by:

Director

Director

Edgars Stores Limited

(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Zimbabwe dollar	**Note(s)**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
Revenue	**21**	**35 924 064 749**	**23 675 762 649**	**33 645 784 450**	**22 971 644 208**
Sale of merchandise	21	26 163 668 276	19 121 594 110	26 163 668 276	19 121 594 110
Cost of sales		(13 884 135 489)	(9 169 397 908)	(13 884 135 489)	(9 171 858 139)
Gross profit		**12 279 532 787**	**9 952 196 202**	**12 279 532 787**	**9 949 735 971**
Revenue from Microfinance Institutions and debtors accounts	21	9 660 985 212	4 502 787 462	7 382 704 913	3 798 669 021
Other revenue	21	99 411 261	51 381 077	99 411 261	51 381 077
Other income	22	77 191 217	96 854 620	87 150 263	82 146 503
Other expenses		(4 713 360 050)	(3 768 100 381)	(3 693 971 751)	(3 620 025 208)
Movement in credit losses	24	(562 012 624)	(81 253 601)	(280 184 331)	(65 717 380)
Selling expenses – store expenses	27	(5 968 210 266)	(3 973 048 204)	(5 968 210 266)	(3 973 048 204)
Financial Services expenses	28	(3 186 487 394)	(909 455 937)	(3 186 487 394)	(673 360 653)
Trading profit		7 687 050 143	5 871 361 238	6 719 945 482	5 549 781 127
Loss from disposal of PPE	23	-	(6 160 005)	-	(6 160 005)
Net foreign exchange gains/(losses)	23	231 201 197	(1 756 085 854)	74 311 768	(1 756 951 225)
Operating profit		**7 918 251 340**	**4 109 115 379**	**6 794 257 250**	**3 786 669 897**
Finance income	30	-	67 356 352	-	127 875 288
Finance costs	31	(4 321 861 379)	(1 988 682 065)	(4 198 346 198)	(1 945 553 232)
Net monetary loss		(1 683 399 464)	(159 359 819)	(1 023 826 091)	(102 695 416)
Profit before taxation		**1 912 990 497**	**2 028 429 847**	**1 572 084 961**	**1 866 296 537**
Taxation	32	(1 718 542 228)	(107 314 797)	(1 519 135 892)	(49 434 864)
Profit for the year		**194 448 269**	**1 921 115 050**	**52 949 069**	**1 816 861 673**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Impairment of property, plant and equipment		-	(420 162 868)	-	(380 861 678)
Deferred tax liability arising on impairment		-	103 864 262	-	94 149 010
Total items that will not be reclassified to profit or loss		**-**	**(316 298 606)**	**-**	**(286 712 668)**
Other comprehensive loss for the year net of taxation		**-**	**(316 298 606)**	**-**	**(286 712 668)**
Total comprehensive income for the year		**194 448 269**	**1 604 816 444**	**52 949 069**	**1 530 149 005**
Earnings per share (cents):					
Basic	36	33.92	335.13	9.24	316.95
Diluted	36	33.74	333.34	9.19	315.26

The accounting policies on pages 19 to 40 and the notes on pages 41 to 75 form an integral part of the financial statements.

Edgars Stores Limited

(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Statement of Changes in Equity

Figures in Zimbabwe dollar	Share Capital Reserve	Revaluation Reserve	Credit Reserve	Equity Settled Employee Benefits Reserve	Total	Retained Income	Total Equity
Group							
Balance at 10 January 2021	**911 408 184**	**977 209 046**	**48 190 566**	**220 068 270**	**2 156 876 066**	**4 757 861 409**	**6 914 737 475**
Profit for the year	-	-	-	-	-	1 921 115 050	1 921 115 050
Other comprehensive loss	-	(316 298 606)	-	-	(316 298 606)	-	(316 298 606)
Total comprehensive (loss) income for the year	**-**	**(316 298 606)**	**-**	**-**	**(316 298 606)**	**1 921 115 050**	**1 604 816 444**
Transfer to credit reserve	-	-	(1 953 518)	-	(1 953 518)	1 953 518	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(1 953 518)**	**-**	**(1 953 518)**	**1 953 518**	**-**
IFRS 16 adjustments	-	-	-	-	-	(131 887 693)	(131 887 693)
Balance at 09 January 2022	**911 408 184**	**660 910 440**	**46 237 048**	**220 068 270**	**1 838 623 942**	**6 549 042 284**	**8 387 666 226**
Profit for the year	-	-	-	-	-	194 448 269	194 448 269
Total comprehensive profit for the year	**-**	**-**	**-**	**-**	**-**	**194 448 269**	**194 448 269**
Transfer from credit reserve	-	-	-	-	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 08 January 2023	**911 408 184**	**660 910 440**	**46 237 048**	**220 068 270**	**1 838 623 942**	**6 743 490 553**	**8 582 114 495**
Note (s)	12	13	14	15			

Edgars Stores Limited
(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Statement of Changes in Equity

Figures in Zimbabwe dollar	Share Capital Reserve	Revaluation Reserve	Credit Reserve	Equity Settled Employee Benefits Reserve	Total	Retained Income	Total Equity
Company							
Balance at 10 January 2021	**911 408 184**	**953 520 099**	**-**	**220 068 270**	**2 084 996 553**	**4 919 505 457**	**7 004 502 010**
Profit for the year	-	-	-	-	-	1 816 861 673	1 816 861 673
Other comprehensive loss	-	(286 712 668)	-	-	(286 712 668)	-	(286 712 668)
Total comprehensive (loss) income for the year	**-**	**(286 712 668)**	**-**	**-**	**(286 712 668)**	**1 816 861 673**	**1 530 149 005**
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IFRS 16 adjustments	-	-	-	-	-	(131 887 691)	(131 887 691)
Balance at 09 January 2022	**911 408 184**	**666 807 431**	**-**	**220 068 270**	**1 798 283 885**	**6 604 479 439**	**8 402 763 324**
Loss for the year	-	-	-	-	-	52 949 069	52 949 069
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**52 949 069**	52 949 069
Balance at 08 January 2023	**911 408 184**	**666 807 431**	**-**	**220 068 270**	**1 798 283 885**	**6 657 428 508**	**8 455 712 393**
Note(s)	12	13	14	15			

Edgars Stores Limited
(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Statement of Cash Flows

		Group		Company	
Figures in Zimbabwe dollar	**Note(s)**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
Cash flows from operating activities					
Profit before taxation		1 912 990 499	2 028 429 847	1 572 084 961	1 866 296 537
Adjustments for:					
Finance income		(9 660 985 212)	(4 570 143 814)	(7 382 704 913)	(3 926 544 309)
Finance costs		4 321 861 379	1 988 682 065	4 198 346 198	1 945 553 232
Non-cash items	33	(1 985 743 176)	764 484 288	(1 340 079 351)	468 024 387
Changes in working capital:					
Decrease/(Increase) in inventories		2 220 540 232	(3 363 097 976)	2 222 973 135	(3 360 637 749)
(Increase) in trade and other receivables		(2 147 146 454)	(4 187 358 009)	(2 095 524 991)	(4 135 723 054)
(Increase) in loans and advances to customers		(176 901 213)	(368 803 166)	-	-
Increase in trade and other payables		62 026 921	1 814 965 947	26 586 888	1 801 858 376
Increase in contract liabilities		38 302 843	119 291 738	38 302 843	119 291 738
Cash used in operations		**(5 415 054 181)**	**(5 773 549 080)**	**(2 760 015 230)**	**(5 221 880 842)**
Tax paid	34	(987 219 709)	(556 358 861)	(915 192 814)	(526 884 088)
Finance income received		9 067 260 649	3 926 628 620	6 804 485 699	3 882 908 778
Finance costs paid		(3 663 151 604)	(1 102 013 833)	(3 539 636 424)	(1 470 266 845)
Lease interest paid	31	(701 500 610)	(473 967 858)	(701 500 610)	(473 967 858)
Net cash utilised in operating activities		**(1 699 665 455)**	**(3 979 261 012)**	**(1 111 859 379)**	**(3 810 090 855)**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(811 549 565)	(414 518 637)	(743 870 080)	(404 284 575)
Proceeds from disposal of property, plant and equipment		-	5 533 080	-	5 533 080
Loans advanced to subsidiaries		-	-	(299 690 113)	(40 103 227)
Net cash utilised in investing activities		**(811 549 565)**	**(408 985 557)**	**(1 043 560 193)**	**(438 854 722)**
Cash flows from financing activities					
Proceeds from borrowings	16	19 205 171 306	11 986 407 386	18 524 363 996	11 436 289 283
Repayment of borrowings	16	(14 178 106 466)	(7 575 241 660)	(13 818 251 016)	(7 302 823 274)
Payment on lease liabilities	3	(780 862 161)	(326 071 053)	(780 862 161)	(326 071 053)
Net cash generated from financing activities		**4 246 202 679**	**4 085 094 673**	**3 925 250 819**	**3 807 394 956**
Total cash movement for the year		**1 734 987 659**	**(303 151 896)**	**1 769 831 247**	**(441 550 621)**
Cash and cash equivalents at the beginning of the year		754 373 495	1 118 964 131	598 223 771	1 100 912 657
Effect of exchange rate fluctuations on cash held		(1 067 639 607)	(61 438 740)	(1 055 959 597)	(61 138 265)
Cash and cash equivalents at the end of the year	11	**1 421 721 547**	**754 373 495**	**1 312 095 421**	**598 223 771**
Comprised of:					
Bank and cash balances		2 292 256 766	1 542 929 004	2 178 648 521	1 384 978 459
Bank overdraft	16	(870 535 219)	(788 555 509)	(866 553 100)	(786 754 688)
		1 421 721 547	**754 373 495**	**1 312 095 421**	**598 223 771**

Notes to the Financial Statements

1. Significant accounting policies

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

1.1 Basis of preparation

The consolidated financial statements have been prepared on the going concern basis and but not in compliance with the International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements. This is due to non- compliance with IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency in prior years. This is because it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The directors are of the view that the requirement to comply with the Statutory Instrument created inconsistencies with International Accounting Standard 21: The effects of changes foreign exchange rates. This has resulted in the accounting treatment adopted in the prior year and current year Financial Statements being different from that which the directors would have adopted if the group had been able to fully comply with IFRS. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The financial statements are in compliance with the Companies and Other Business Entities Act (Chapter 24:31).

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zimbabwe dollars ("ZW$"), which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 8 January 2019 as confirmed by the Public Accountants and Auditors Board (PAAB) pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

In order to account for the rapid loss in purchasing power of the local currency, hyperinflation accounting principles require transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period. The group adopted the Zimbabwe consumer price index (CPI) as the general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 09 January 2022 to the end of the reporting period. Monetary assets and liabilities and non- monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period.

Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially incurred, unless they relate to items already accounted for at fair value, with the corresponding adjustment presented in the income statement. A net monetary gain or loss is recognised in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Comparative amounts in these consolidated financial statements have been restated to reflect the change in the general price index from 9 January 2022 to the end of the reporting period. The financial statements were restated using the indices below:

	Indices	Conversion factor
8 January 2023	13 672.91	1.0000
9 January 2022	3 977.46	3.4376
10 January 2021	2 474.51	5.5255
5 January 2020	551.63	24.7864

1.3 Consolidation Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification and lease term

The Group recognises a lease liability at the lease commencement date over the lease term. The Group determines the lease term as the non-cancellable period of a lease, together with assessing if the lessee is reasonably certain to exercise an option to extend or terminate the lease. In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement to assess the likelihood of exercising, termination or extension of the option. The lease term will only include renewal options where we are reasonably certain that the renewal option will be exercised. The lease liability is initially measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate. The Group uses judgements when determining the borrowing rate by taking the following assumptions into account such as duration, currency, and inception of the lease.

Allocation of transaction price to customer loyalty programme

The points allocated in the customer loyalty programme provide a material right to customers that they would not receive without purchasing the sports goods. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Forward-looking information used for impairment assessments as required by IFRS 9 Financial Instruments in the application of the Expected Credit Loss method incorporate significant judgements and assumptions. These judgements and assumptions are detailed further in note 1.8.1.5. Forward-looking information used for impairment assessments as required by IAS 36 Impairment of Assets incorporate significant judgements and assumptions. These judgements and assumptions are detailed further in note 4.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Notes to the Financial Statements

1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs. Information about the specific techniques and inputs of the various assets is disclosed in note

Impairment testing

Annually, the group reviews and tests the carrying value of assets due to the brands having an indefinite useful life to determine if the carrying amount may not be recoverable. Management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions which have been documented in note 4. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. Refer to note 4 for the detailed note.

Useful lives of property, plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence, and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Estimation uncertainty arising from variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment, is stated at revalued amounts less subsequent accumulated depreciation and accumulated allowance for impairment. The revalued amount is based on periodic, but at least annual, valuations by external valuers, less subsequent accumulated depreciation, and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and net amount is restated to the revalued amount of the asset. Revaluations are performed once a year such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Notes to the Financial Statements

1.6 Property, plant and equipment (continued)

Increases in the carrying amount arising on the revaluation of property and equipment is credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against its revaluation reserve directly in equity to the extent of any credit balance existing in the revaluation surplus in respect of that particular asset. Any decreases that exceed the previously recognised revaluation surplus of a particular asset should be recognised as any expense in profit and loss. Increase in the carrying amount arising from revaluation shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss.

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognised. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and Company cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised so as to write off the inflation adjusted cost of assets or revalued amounts (other than land) less their residual values over their useful lives using the straight-line method.

Capital Work in Progress

Capital work in progress is stated at cost and not depreciated. Depreciation on capital work in progress commences when the assets are ready for their intended use.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Depreciation method**	**Average useful life**
Buildings	Straight line	40 years
Plant and machinery	Straight line	5-10 years
Furniture, fittings, and equipment	Straight line	5-10 years
Motor vehicles	Straight line	5-7 years
Computer equipment	Straight line	5-10 years
Leasehold improvements	Straight line	2-10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant, and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant, and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Notes to the Financial Statements

1.6 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets (operating software and brands) are initially recognised at cost.

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors (GDP growth rates, volume/sales units' growth, cashflow projections), there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation	Average useful life
Operating software	Straight line	5-10 years

1.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.8 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.

1.8.1 Financial assets

Financial assets are classified and measured, initially and subsequently at amortised 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 cash and cash equivalents, trade receivables and loans to customers.

1.8.1.1 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 group's 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.

1.8.1.2 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.

1.8.1.3 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.

1.8.1.4. Impairment of financial assets

Impairment in terms of IFRS 9 is determined based on an ECL model. The ECL model applies to all financial assets measured at amortised cost. The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the Group at reporting date.

The group's financial assets are assessed for impairment based on the forward-looking ECL approach. The Group measures ECL by projecting the probability of write-off, exposure at write-off, timing of when write-off is likely to occur, and loss given write-off. The ECL is calculated by multiplying these components together. For variable rate financial instruments, the ECL is discounted using the current effective interest rate applicable to the portfolio of financial assets. For fixed rate financial instruments, the ECL is discounted using the original effective interest rate applicable to the portfolio of financial assets. The ECL model was recalibrated at 8 January 2023 to take into account the changed economic environment in the country due to hyperinflation.

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 40.

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

1.8.1.5. The calculation of ECLs

The Group has applied the IFRS 9 general approach which takes into consideration staging, computation of 12-month ECL for stage one facilities and life-time ECL for stage 2 and stage 3 facilities. A financial asset can move in both directions through the stages of the impairment model. The group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate or 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. PD is an estimate of the likelihood of write-off over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. 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.

1.8 Financial instruments (continued)

1.8.1.5. The calculation of ECLs (continued)

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 and advances and trade receivables 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.

  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, and also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. 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. For trade and other receivables the Group considers that there is a significant increase in credit risk when a customer's account is in arrears for more than 30 days based on contractual payment requirements.

- Stage 3: When a loan is considered as credit-impaired and there has been a default of credit terms as specified above. For trade receivables The Group's definition of credit-impaired is aligned to its internal definition of default which occurs when a customer's account is in arrears for more than 90 days based on contractual payment requirements. 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%.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis (internal and external), based on the Group's historical experience and internally generated credit assessment and including forward-looking information.

The Group also takes into account the 30 day past due backstop indicator and credit risk grades. A loan is considered to be in default when the borrower is 90 days past due on any material credit obligation to the Group.

1.8.1.6. 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. Refer to note 10 for further disclosures.

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.

1.8.1.7. 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 16.

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 ZW$ using the exchange rate at the reporting date. Foreign exchange gains or losses are included in profit or loss.

1.8.1.8. 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.

Offsetting of financial instruments

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

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. Bank overdrafts that are payable on demand also comprise cash and cash equivalents as defined. For the purpose of the consolidated statement of financial position and cashflows bank overdrafts are shown under short term / current borrowings. This is because there is no automatic right to offset bank overdrafts against positive balances in separate banks – reporting cash and cash equivalents on a net basis would thus be grossly misleading.

1.9. Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements

1.9 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.10. Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less. For these leases, the group recognises the lease payments as an operating expense (note 24) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the group is a lessee are presented in note 3 Leases (group as lessee).

Notes to the Financial Statements

1.10. Leases (continued)

Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- the amount expected to be payable by the group under residual value guarantees.
- the exercise price of purchase options if the group is reasonably certain to exercise the option.
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 3).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 31).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- there has been a change in the assessment of whether the group will exercise a purchase, termination, or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- there has been a change to the lease payments due to a change in a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right- of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1.10 Leases (continued)

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability.
- any lease payments made at or before the commencement date.
- any initial direct costs incurred.
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	2-5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 22).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

Notes to the Financial Statements

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the number of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

Notes to the Financial Statements

1.13.1 Credit reserve

Differences 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 are recognised directly in equity. The Group has chosen to reclassify the difference in the credit loss allowance from Retained Earnings to the credit reserve.

The Reserve Bank of Zimbabwe requirements are as follows:

- 15.1.That every Microfinance Institution or MFI shall review, classify and appropriately make provisions for its loan portfolio not less frequently than each quarter, with a view to achieving the following objectives: a) to ensure the conformity of the loan portfolio and lending function to sound lending policy documented, approved and adopted by the board; b) to keep executive officers and the board adequately informed regarding portfolio risk; c) to properly identify and classify problem credits and, as necessary, place them on non-accrual basis in accordance with these Guidelines; to ensure that adequate provisions for potential losses are made; and d) to ensure that write-offs of identified losses are made in a timely manner.

- 15.2. Every MFI shall maintain sufficient records of every loan review, evaluations of individual loans and advances, and of the entries made to its provision for loan losses account

1.14 Share based payments

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 15.

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.

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.

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Pension 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.

1.16 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sale of clothing, footwear, textiles and accessories.
- Loyalty points programme.

1.16 Revenue from contracts with customers (continued)

- Commission income.
- Subscriptions
- Fee Income
- Interest income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. The revenue recognised by the entity is net of an intra group sales from the manufacturing plant to the retail chains.

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 within Edgars and Jet Thank U, which allows customers to accumulate points that can be redeemed for monetary discount, subject to a minimum number (1,000) of points being obtained. The points do not expire, and no breakages were determined due to the nature of the programme. 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 ZW$ discount on the customer's next purchase i.e., 1,000 points are equivalent to a ZW$ 1 discount. Outstanding loyalty point liabilities are therefore fixed and recorded under contract liabilities. Refer to note 19.

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.

Right 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 based on historical data 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 based on historical data are immaterial and have been accounted for net of sales.

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.

Notes to the Financial Statements

1.16 Revenue from contracts with customers (continued)

Fee income

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

Interest income

The entity provides a credit account for the customer's convenience, and also provides finance loans through the subsidiary ClubPlus, at certain specified interest rates. The interest is charged on the utilised credit each month. 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.

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.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy.

1.18 Gross profit

Gross profit is from the sale of merchandise only (sales of merchandise minus cost of inventory)

1.19 Trading profit

Trading profit is gross profit from the sale of merchandise as well as revenue earned in the form of interest on financing provided, other operating income and other revenue which is attributable to the ordinary revenue producing activities. Also included are expenses that are attributable to the ordinary revenue producing activities such as other operating expenses, store expenses and movement in credit losses.

1.20 Operating profit

Operating profit is the profit before tax and finance costs. Finance income relates to income unrelated to financing provided to customers.

Notes to the Financial Statements

1.21 Translation of foreign currencies

Functional and presentation currency
Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in ZW$ which is the group functional and presentation currency.

A foreign currency transaction is recorded, on initial recognition in ZW$, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate.
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in ZWL by applying to the foreign currency amount the exchange rate between the ZWL and the foreign currency at the date of the cash flow.

1.22 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 on 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 and/or real growth after 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. Refer to note 18.

Notes to the Financial Statements

1.23 New and effective standards

Amendment	Nature of impact
1. IFRS 17 Insurance Contracts Effective 1 January 2023	IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts
2. Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	Amends IFRS 4 *Insurance Contracts* provide two options for entities that issue insurance contracts within the scope of IFRS 4: • an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; • an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.
3. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) Effective 1 January 2024	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

1.23 New and effective standards (continued)

Amendment	Nature of impact
4. Amendments to IFRS 17 Effective 1 January 2023	Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 *Insurance Contracts* was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023 • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach
5. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) Effective on or after 1 January 2023	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2
6. Definition of Accounting Estimates (Amendments to IAS 8) Effective on or after 1 January 2023	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Notes to the Financial Statements

1.23 New and effective standards (continued)

Amendment	Nature of impact
7. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) Effective:1 January 2023	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
8. .Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) Effective: 1 January 2024	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
9. Non-current Liabilities with Covenants (Amendments to IAS 1) Effective: 1 January 2024	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
10.Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

The directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the group and company.

1.24 Segment information 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

Products are retailed 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. Edgars offers competitive credit to the customers. The 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.

Notes to the Financial Statements

1.24 Segment information Reportable segments (continued)

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 sales 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 operational business units. These include treasury management, group reporting, information systems, human resources, 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.

Notes to the Financial Statements

1.24.1. Segment Reporting

Revenue

	Edgars Stores Retail	Jet Stores Retail	Manufacturing Carousel	Micro Finance Club Plus	Corporate Head Office	Financial Services	Segments Total	Adjustments/ (eliminations)	Consolidated Total
Retail sales.	14 603 778 831	11 688 929 071	-	-	-	-	26 292 707 902	(1 491 768 149)	24 800 939 753
Manufacturing sales to third parties-local sales.	-	-	1 362 728 523	-	-	-	1 362 728 523	-	1 362 728 523
Edgars club subscriptions.	-	-	-	-	-	42 752 230	42 752 230	-	42 752 230
Hospital cash plan and insurance commission.	-	-	-	-	-	56 659 031	56 659 031	-	56 659 031
Inter-segments	-	-	1 073 045 140	-	-	-	1 073 045 140	(1 073 045 140)	-
Revenue from Micro Finance and debtor accounts	-	-	-	2 197 593 574	-	7 463 391 638	9 660 985 212	-	9 660 985 212
Total revenue	**14 603 778 831**	**11 688 929 071**	**2 435 773 663**	**2 197 593 574**	**-**	**7 562 802 899**	**38 488 878 038**	**(2 564 813 289)**	**35 924 064 749**
Segment profit	**3 944 088 975**	**2 919 977 482**	**407 053 212**	**1 162 099 785**	**79 055 884**	**5 822 791 808**	**14 335 067 146**	**(6 416 815 806)**	**7 918 251 340**
Total assets	**9 905 775 740**	**7 941 887 921**	**756 355 626**	**1 029 679 748**	**212 627 240**	**13 132 421 041**	**32 978 747 315**	**(12 064 335 106)**	**20 914 412 209**

Notes to the Financial Statements

1.24.1. Segment Reporting (continued)

09-Jan-22

Revenue

	Edgars Stores Retail	Jet Stores Retail	Manufacturing Carousel	Micro Finance Club Plus	Corporate Head Office	Financial Services	Segments Total	Adjustments/ (eliminations)	Consolidated Total
Retail sales	10 358 322 705	8 628 929 911	-	-	-	-	18 987 252 616	-	18 987 252 616
Manufacturing sales to third parties -local sales	-	-	114 737 910	-	-	-	114 737 910	-	114 737 910
Manufacturing sales to third parties -foreign sales	-	-	19 603 585	-	-	-	19 603 585	-	19 603 585
Edgars club subscriptions	-	-	-	-	-	18 232 336	18 232 336	-	18 232 336
Hospital cash plan and insurance commission	-	-	-	-	-	33 148 741	33 148 741	-	33 148 741
Inter-segments	-	-	1 069 434 362	-	2 166 120 532	-	3 235 554 894	(3 235 554 894)	-
Revenue from Micro Finance and debtor accounts	53 269 288	130 723 174	-	786 479 223	31 495 885	3 500 819 891	4 502 787 461	-	4 502 787 461
Total revenue	**10 411 591 993**	**8 759 653 085**	**1 203 775 857**	**786 479 223**	**2 197 616 417**	**3 552 200 968**	**26 911 317 543**	**(3 235 554 894)**	**23 675 762 649**
Segment profit	**685 709 855**	**520 137 089**	**132 939 205**	**189 168 864**	**8 087 199**	**1 591 372 638**	**3 127 414 850**	**981 700 529**	**4 109 115 379**
Total assets	**7 186 564 195**	**4 843 124 079**	**904 089 838**	**783 203 907**	**4 098 599 480**	**1 824 461 306**	**19 640 042 805**	**(308 952 386)**	**19 331 090 419**

Edgars Stores Limited

(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Notes to the Financial Statements

2. Property, plant and equipment

Reconciliation of property, plant and equipment - Group

	Land & buildings	Leasehold improvements	Furniture, fittings & equipment	Computer equipment	Motor vehicles	Plant & machinery	Work in progress	Balance
Cost or valuation at 10 January 2021	674 414 827	849 307 553	1 190 108 771	352 996 272	290 894 201	316 239 647	88 760 519	3 762 721 790
Additions	-	47 073 584	155 194 113	121 307 611	24 484 008	24 814 630	41 644 691	414 518 637
Disposals	-	-		(125 077)	(12 890 727)	-	-	(13 015 804)
Revaluation adjustment	(116 502 801)	(780 466 622)	(336 189 449)	(140 457 202)	(50 855 819)	(91 522 915)	(88 760 520)	(1 604 755 328)
Balance at 09 January 2022	**557 912 026**	**115 914 515**	**1 009 113 435**	**333 721 604**	**251 631 663**	**249 531 362**	**41 644 690**	**2 559 469 295**
Additions	-	82 316 539	428 483 278	79 561 679	198 402 450	22 785 619	-	811 549 565
Balance at 08 January 2023	**557 912 026**	**198 231 054**	**1 437 596 713**	**413 283 283**	**450 034 113**	**272 316 981**	**41 644 690**	**3 371 018 860**
Accumulated depreciation at 10 January 2021	-	(479 233 328)	-	-	-	-	-	(479 233 328)
Current year expense	(15 947 110)	(63 231 312)	(245 325 721)	(175 765 773)	(144 084 708)	(62 363 391)	-	(706 718 015)
Eliminated on disposal of assets	-	-	-	-	-	-	-	-
Transfer on revaluation	15 947 110	542 464 640	245 325 721	175 765 773	144 084 708	61 004 508	-	1 184 592 460
Balance at 09 January 2022	**-**	**-**	**-**	**-**	**-**	**(1 358 883)**	**-**	**(1 358 883)**
Current year expense	(16 411 823)	(26 466 372)	(279 752 796)	(302 971 019)	(258 959 774)	(60 043 313)	-	(944 605 097)
Balance at 08 January 2023	**(16 411 823)**	**(26 466 372)**	**(279 752 796)**	**(302 971 019)**	**(258 959 774)**	**(61 402 196)**	**-**	**(945 963 980)**
Net carrying amount at 08 January 2023	541 500 203	171 764 682	1 157 843 917	110 312 264	191 074 339	210 914 785	41 644 690	2 425 054 880
Net carrying amount at 09 January 2022	557 912 026	115 914 515	1 009 113 435	333 721 604	251 631 663	248 172 479	41 644 690	2 558 110 412

Notes to the Financial Statements

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company

	Land & buildings	Leasehold improvements	Furniture, fittings & equipment	Computer equipment	Motor vehicles	Plant & machinery	Work in progress	Balance
Cost or valuation at 10 January 2021	674 414 827	776 988 054	1 157 784 504	316 141 659	282 085 436	316 239 647	88 760 519	3 612 414 646
Additions	-	47 073 584	150 297 191	115 970 468	24 484 008	24 814 630	41 644 691	404 284 572
Disposals	-	-	-	(125 077)	(12 926 883)	-	-	(13 051 960)
Revaluation adjustment	(116 502 801)	(723 455 202)	(323 325 385)	(126 043 688)	(48 622 734)	(91 522 913)	(88 760 520)	(1 518 233 243)
Balance at 09 January 2022	**557 912 026**	**100 606 436**	**984 756 310**	**305 943 362**	**245 019 827**	**249 531 364**	**41 644 690**	**2 485 414 015**
Additions	-	77 537 951	415 505 926	71 046 938	156 993 646	22 785 619	-	743 870 080
Balance at 08 January 2023	**557 912 026**	**178 144 387**	**1 400 262 236**	**376 990 300**	**402 013 473**	**272 316 983**	**41 644 690**	**3 229 284 095**
Accumulated depreciation at 10 January 2021	-	(471 845 007)	-	-	-	-	-	(471 845 007)
Current year expense	(15 947 110)	(52 336 823)	(238 548 079)	(139 732 068)	(157 957 970)	(62 363 391)	-	(666 885 441)
Eliminated on disposal of assets	-	-	-	-	-	-	-	-
Transfer on revaluation	15 947 110	524 181 830	238 548 079	139 732 068	157 957 970	61 004 508	-	1 137 371 565
Balance at 09 January 2022	**-**	**-**	**-**	**-**	**-**	**(1 358 883)**	**-**	**(1 358 883)**
Current year expense	(16 411 823)	(23 260 506)	(272 218 297)	(223 797 853)	(305 316 180)	(60 043 314)	-	(901 047 973)
Balance at 08 January 2023	**(16 411 823)**	**(23 260 506)**	**(272 218 297)**	**(223 797 853)**	**(305 316 180)**	**(61 402 197)**	-	**(902 406 856)**
Net carrying amount at 08 January 2023	541 500 203	154 883 881	1 128 043 939	153 192 447	96 697 293	210 914 786	41 644 690	2 326 877 239
Net carrying amount at 09 January 2022	557 912 026	100 606 436	984 756 310	305 943 362	245 019 827	248 172 481	41 644 690	2 484 055 132

If property, plant, and equipment were stated on historical cost basis, the carrying amounts would be ZWL 572 638 095 at company level and ZWL 592 848 892 at group level (2021: ZWL47 612 217 (company) and ZWL 488 432 668 (group).

2. Property, plant and equipment (continued)

Property, plant and equipment carried at fair value

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

- Land and buildings

As at 9 January 2022, fair values of the properties was determined by using the Direct Capitalization of Net Income Method for commercial properties, and whilst the Direct Comparison Method was used for residential buildings.

- Leasehold improvements

As at 9 January 2022, fair values of the leasehold improvements was determined by using the Direct Capitalization of Net Income Method for commercial properties, and whilst the Direct Comparison Method was used for residential buildings

- 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 9 January 2022 to determine the fair value. The valuation was done on a depreciated replacement cost basis.

3. Leases (group as lessee)

The group leases all of its trading premises, office space and distribution centres under operating leases of between 2 to 5 years. These typically have renewal options of between 3 to 5 years and it is reasonably certain that the renewal options will be exercised. The following factors were considered in determining whether it is reasonably certain the renewal option will be exercised.

- The market share in the respective areas.
- The proximity of the leased premises to core customers.
- Customer loyalty to the brands.

Over 90% of the leases on trading space have turnover clauses of between 3 and 6% which are treated as contingent rentals. Sublease arrangements are operating lease arrangements where space which is excess to requirements has been sublet to third parties.

The discount rate applied to discount lease obligations is the incremental cost of borrowing for the group which varied between 2.3% to 3.75% per month. Lease modifications consisted of increases in fixed monthly rentals and in the increases in the lease term.

Notes to the Financial Statements

3 Leases (group as lessee) (continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Figures in Zimbabwe dollar	Note(s)	Group 2023 For the 52 weeks to 8 January 2023	Group 2022 For the 53 weeks to 9 January 2022	Company 2023 For the 52 weeks to 8 January 2023	Company 2022 For the 53 weeks to 9 January 2022
Buildings		2 445 071 001	1 603 069 165	2 445 071 001	1 603 069 165
Additions to right-of-use assets					
Buildings		65 588 515	201 709 925	65 588 515	201 709 925

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 24).

Buildings		424 981 566	791 684 893	424 981 566	791 684 893
Other disclosures					
Interest expense on lease liabilities		137 877 597	473 967 858	137 877 597	473 967 858
Right of use assets reconciliation					
Balance at the beginning of the reporting period		1 603 069 165	1 675 680 354	1 603 069 165	1 675 680 354
Additions		65 588 515	201 709 925	65 588 515	201 709 925
Modifications and remeasurements		1 201 394 887	517 363 779	1 201 394 887	517 363 779
Depreciation for the year		(424 981 566)	(791 684 893)	(424 981 566)	(791 684 893)
Reconciliation as at period end		**2 445 071 001**	**1 603 069 165**	**2 445 071 001**	**1 603 069 165**
Gross carrying amount		4 200 844 435	2 933 861 033	4 200 844 435	2 933 861 033
Accumulated depreciation		(1 755 773 434)	(1 330 791 868)	(1 755 773 434)	(1 330 791 868)
		2 445 071 001	**1 603 069 165**	**2 445 071 001**	**1 603 069 165**

Notes to the Financial Statements

3. Leases (group as lessee) (continued)

Lease liabilities

	Group		Company	
Figures in Zimbabwe dollar	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
January				
Balance at the beginning of the reporting period	1 189 945 568	1 150 358 503	1 189 945 568	1 150 358 503
Additions	65 588 515	201 709 925	65 588 515	201 709 925
Lease modifications	1 201 394 886	517 363 778	1 201 394 886	517 363 778
Finance costs	701 500 610	473 967 858	701 500 610	473 967 858
Net exchange gain	857 290 924	(353 415 586)	857 290 924	(353 415 586)
Lease interest paid	(701 500 610)	(473 967 858)	(701 500 610)	(473 967 858)
Lease liability instalments paid	(780 862 161)	(326 071 053)	(780 862 161)	(326 071 053)
	2 533 357 732	**1 189 945 567**	**2 533 357 732**	**1 189 945 567**
Non-current liabilities	-	604 692 795	-	604 692 795
Current liabilities	2 533 357 732	585 252 772	2 533 357 732	585 252 772
	2 533 357 732	**1 189 945 567**	**2 533 357 732**	**1 189 945 567**
Future minimum rentals payable				
Within one year	2 533 357 732	648 158 530	2 533 357 732	648 158 530
Two to five years	-	1 845 565 230	-	1 845 565 230
Over 5 years	-	23 046 735	-	23 046 735
	2 533 357 732	**2 516 770 495**	**2 533 357 732**	**2 516 770 495**

Future cash outflows not reflected in lease liabilities

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The breakdown of lease payments for these stores is as follows:

	8 January 2023	**9 January 2022**
Fixed payments	1 482 362 771	326 071 053
Variable payments	197 165 180	224 842 971
	1 679 527 951	**550 914 024**

Overall, the variable payments constitute up to 9.7% of the group’s entire lease payments. The group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years.

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. The communication equipment is integral to the buildings and the income from such arrangements is incidental to the group's operations.

3. Leases (group as lessee) (continued)

Future minimum rentals receivable under operating leases are as follows:	8 January 2023	9 January 2022
Future minimum rentals receivable under operating leases as follows		
Within one year	6 785 873	4 549 425
Two to five years	-	18 197 709
More than five years	-	-
	6 785 873	**22 747 134**

4. Intangible assets

Reconciliation of intangible assets - Group

	Operating software	Brands	Balance
Cost at 10 January 2021	636 610 209	196 486 247	833 096 456
Cost at 9 January 2022	636 610 209	196 486 247	833 096 456
Cost at 8 January 2023	**636 610 209**	**196 486 247**	**833 096 456**
Accumulated amortisation and impairment at 10 January 2021	(540 884 964)	-	(540 884 964)
Amortisation for the year	(44 828 718)	-	(44 828 718)
Accumulated amortisation and impairment at 9 January 2022	(585 713 682)	-	(585 713 682)
Amortisation for the year	(12 724 132)	-	(12 724 132)
Accumulated amortisation and impairment at 8 January 2023	**(598 437 814)**	**-**	**(598 437 814)**
Carrying amount at 8 January 2023	38 172 395	196 486 247	234 658 642
Carrying amount at 9 January 2022	50 896 527	196 486 247	247 382 774

Reconciliation of intangible assets - Company

	Operating software	Brands	Balance
Cost at 10 January 2021	634 324 381	196 486 247	830 810 628
Cost at 9 January 2022	634 324 381	196 486 247	830 810 628
Cost at 8 January 2023	**634 324 381**	**196 486 247**	**830 810 628**
Accumulated amortisation and impairment at 10 January 2021	(540 619 581)	-	(540 619 581)
Amortisation for the year	(43 882 523)	-	(43 882 523)
Accumulated amortisation and impairment at 9 January 2022	(584 502 104)	-	(584 502 104)
Amortisation for the year	(12 455 569)	-	(12 455 569)
Accumulated amortisation and impairment at 8 January 2023	**(596 957 673)**	**-**	**(596 957 673)**
Carrying amount at 8 January 2023	37 366 708	196 486 247	233 852 955
Carrying amount at 9 January 2022	49 822 277	196 486 247	246 308 524

Intangibles are composed of operating system software and the Edgars and Jet retail trading names, acquired from Edgars Consolidated South Africa in February 2019, and associated intellectual property which the company has exclusive use of in Zimbabwe. The carrying amount of the Orion (ERP) system is ZWL 37 366 708 and the remaining useful life is 1.14 years.

4 Intangible assets (continued)

Figures in Zimbabwe dollar	Group		Company	
	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022
Brands				
Edgars	119 504 116	119 504 116	119 504 116	119 504 116
Jet	76 982 131	76 982 131	76 982 131	76 982 131
	196 486 247	**196 486 247**	**196 486 247**	**196 486 247**

The group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

Edgars Chain

The recoverable amount of the Edgars Chain of ZWL6 053 108 834 as at 8 January 2023 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 pre-tax discount rate applied to cash flow projections is 57% (2022: 38%). 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 ZWL5 049 646 892 as at 8 January 2023 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 pre-tax discount rate applied to cash flow projections is 57% (2022: 38%). 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 and discount rates
- Raw materials price inflation
- Market share and growth rates during the forecast period

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 62.8% and 56.9%, 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.

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 used is the WACC - this was determined by using the pre-tax cost of debt (80%) and an expected return by the shareholder of 35%. A rise in the pre-tax discount rate to 280% (i.e., +242%) would result in impairment due to a decrease of 85.82% in the recoverable amount.

Raw materials price inflation - the company bases the inflation of current prices, exchange rate fluctuations and official inflation forecasts. Growth in cashflows is assumed at the growth in the economy as reflected in the GDP. This on government and other economic forecasts that forecast inflation to close at single digit levels by end of 2022.

Market share assumptions - Management expects the Group’s share of the Edgars market to be stable while Jet's position is expected to grow. Although management expects stability, a decline in the cashflows reflected by a market share decline of 35% would result in an impairment in the Edgars and Jet Chains as there would be a decline of 20% in the recoverable amount.

Notes to the Financial Statements

4. Intangible assets (continued)

Growth rate estimates - growth rates are based on published research. Management used Zimbabwean GDP as published by the World Bank of 2.7% over the period as the basis of growth in sales.

5. Investment in Subsidiary Company

Edgars Stores holds 100% of Club Plus Shares. Club Plus (Private) Limited ("Club Plus") is a Zimbabwean company established in 2016 and registered with the Registrar of Companies under Certificate of Incorporation number 733/2016. It is registered with the Reserve Bank of Zimbabwe as a Credit-Only Microfinance institution. Club Plus started lending to customers in August 2017. The Company is in the business of issuing short term loans

	Carrying amount 2023	Carrying amount 2022
Investment in Club Plus (Private) Limited	215 672 668	215 672 668

6. Deferred tax

Deferred tax liability

		Group		Company	
Figures in Zimbabwe dollar	**Note(s)**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
Property plant and equipment, right of use assets and intangibles		(1 054 075 204)	(922 890 224)	(1 039 310 220)	(904 318 205)
Inventory		(316 956 424)	(429 135 087)	(316 325 208)	(428 954 314)
Unrealised exchange gains		239 998 851	34 594 959	227 422 816	36 397 427
Credit loss allowance		130 826 244	34 122 785	80 255 208	30 338 246
Accruals		293 141 700	54 267 615	288 726 153	53 028 051
Lease liabilities		626 246 031	294 154 543	626 246 031	294 154 543
Section 18 instalment allowance		(689 772 602)	-	(689 772 602)	-
Total deferred tax liability		**(770 591 404)**	**(934 885 409)**	**(822 757 822)**	**(919 354 252)**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	52 166 418	-	-	-
Deferred tax liability	(706 519 632)	(934 885 409)	(706 519 632)	(919 354 252)

7. Intercompany loan

Loan	-	-		223 130 609	199 764 550

The loan is receivable from the subsidiary and the Group expects to recover the amounts as Club Plus has sufficient liquid assets to settle its debt as and when its due. No interest is charged on the outstanding balance. Further information has been included in note 39.

Figures in Zimbabwe dollar	Note(s)	Group		Company	
		2023 For the 52 weeks to 8 January 2023	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**

8. Inventories

Raw materials	1 234 325 223	559 345 708	1 234 325 223	559 345 708
Work in progress	16 599 818	9 365 023	16 599 818	9 365 023
Merchandise	17 951 611 863	5 551 514 547	17 951 611 863	5 551 514 547
Consumables stores	112 460 452	56 545 482	106 778 118	53 296 050
Goods in transit	80 189 461	223 632 186	80 189 460	223 632 186
	19 395 186 817	6 400 402 946	19 389 504 482	6 397 153 514
Inventory obsolescence	(15 335 620 001)	(120 295 898)	(15 335 620 001)	(120 295 898)
	4 059 566 816	**6 280 107 048**	**4 053 884 481**	**6 276 857 616**

9. Loans and advances to customers

Loans and advances to customers are presented at amortised cost, which is net of loss allowance, as follows:

Loans and advances	902 553 260	537 478 396	-	-
Credit loss allowance	(204 575 390)	(16 401 739)	-	-
	697 977 870	**521 076 657**	**-**	**-**

The table shows the credit quality and the maximum exposure to credit risk based on the group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. The increase in the current year gross amount in comparison to prior year is due to the inflationary effects in the economy. The reduction in ECL in the current year in comparison to prior year is due to the favourable forward-looking information in the current year due to the reduced effect of COVID on lockdowns and consumer disposal income and spending patterns. An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 9 January 2022	**486 386 486**	**30 440 817**	**20 651 097**	**537 478 400**
New assets originated or purchased	1 424 655 125	71 307 138	59 950 114	1 555 912 377
Assets derecognised or repaid (excluding write offs)	(660 719 643)	(57 719 809)	(63 647 837)	(782 087 289)
Transfers to Stage 1	51 166 908	(49 374 715)	(1 792 193)	-
Transfers to Stage 2	(207 081 793)	218 279 600	(11 197 807)	-
Transfers to Stage 3	-	(129 808 777)	129 808 777	-
Amounts written off	-	-	(27 046 778)	(27 046 778)
Net monetary loss	(344 896 302)	(21 585 561)	(15 221 587)	(381 703 450)
Gross carrying amount as at 8 January 2023	**749 510 781**	**61 538 693**	**91 503 786**	**902 553 260**

9. Loans and advances to customers (continued)

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowances as at 9 January 2022	180 605	159 731	16 061 403	16 401 739
New assets originated or purchased	83 809 472	18 148 522	91 590 811	193 548 805
Assets derecognised or repaid (excluding write offs)	35 994 777	(5 762 131)	(661 727)	29 570 919
Transfers to Stage 1	1 886 503	(367 358)	(1 519 145)	-
Transfers to Stage 2	(72 658)	9 539 007	(9 466 349)	-
Transfers to Stage 3	-	(142 301)	142 301	-
Amounts written off	-	-	(23 315 612)	(23 315 612)
Net monetary loss	(128 065)	(113 265)	(11 389 131)	(11 630 461)
ECL allowance as at 8 January 2023	**121 670 634**	**21 462 205**	**61 442 551**	**204 575 390**

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 10 January 2021	162 398 426	4 883 714	1 918 785	169 200 925
New assets purchased or originated	1 309 693 314	4 780 658	8 055 806	1 322 529 778
Assets derecognised or repaid (excluding write offs)	(842 161 636)	(28 135 502)	(14 533 649)	(884 830 787)
Transfers to Stage 1	35 139 441	(34 097 195)	(1 042 246)	-
Transfers to Stage 2	(118 058 225)	121 130 668	(3 072 443)	-
Transfers to Stage 3	-	(36 276 767)	36 276 767	-
Amounts written off	-	-	(5 486 174)	(5 486 174)
Net monetary loss	(60 624 832)	(1 844 760)	(1 465 751)	(63 935 343)
Gross carrying amount as at 9 January 2022	**486 386 488**	**30 440 816**	**20 651 095**	**537 478 399**

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowances as at 10 January 2021	402 481	146 675	842 057	1 391 213
New assets originated or purchased	582 336	526 063	28 449 736	29 558 135
Assets derecognised or repaid (excluding write offs)	(1 685 004)	(2 576 553)	(3 303 859)	(7 565 416)
Transfers to Stage 1	1 149 506	(273 241)	(876 265)	-
Transfers to Stage 2	(116 624)	2 744 520	(2 627 896)	-
Transfers to Stage 3	-	(352 309)	352 309	-
Amounts written off	-	-	(6 456 495)	(6 456 495)
Net monetary gain	(152 090)	(55 424)	(318 184)	(525 698)
ECL allowance as at 9 January 2022	**180 605**	**159 731**	**16 061 403**	**16 401 739**

Opening balance	16 401 739	1 391 213	-	-
Increase in allowance for credit losses	285 295 627	29 558 135	-	-
Net monetary gain	(97 121 976)	(14 547 609)	-	-
	204 575 390	**16 401 739**	**-**	**-**

Figures in Zimbabwe dollar	Note(s)	Group 2023 For the 52 weeks to 8 January 2023	Group 2022 For the 53 weeks to 9 January 2022	Company 2023 For the 52 weeks to 8 January 2023	Company 2022 For the 53 weeks to 9 January 2022

10. Trade and other receivables

Financial instruments:				
Trade receivables	8 230 887 617	6 636 488 990	8 228 099 771	6 636 488 990
Loss allowance	(324 115 270)	(120 865 323)	(324 115 270)	(120 865 323)
Trade receivables at amortised cost	7 906 772 347	6 515 623 667	7 903 984 501	6 515 623 667
Other receivables	801 429 189	46 751 911	732 012 860	26 169 199
General allowance for credit losses	(541 720)	(1 862 216)	(541 720)	(1 862 216)
Total trade and other receivables	**8 707 659 816**	**6 560 513 362**	**8 635 455 641**	**6 539 930 650**

The general allowance for credit losses pertains to Carousel receivables. The factory sells to a few organisations on credit and thus does not require a complex model for determining lifetime credit losses from amounts due. At 8 January 2023 Carousel had outstanding trade debtors of ZWL$282m. The specific allowance for credit losses is based on a complex IFRS 9 model applied to individual account holders with the Edgars and Jet retail divisions.

The table below shows the credit quality and the maximum exposure to credit risk based on the group's internal credit rating system and year-end stage classification. The trade and receivables amounts presented are gross of impairment allowances. The increase in the current year gross amount in comparison to prior year is due to the inflationary effects in the economy. The reduction in ECL in the current year in comparison to prior year is due to the favourable forward-looking information in the current year due to the reduced effect of COVID on lockdowns and consumer disposal income and spending patterns. An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 9 January 2022	5 902 187 061	605 768 994	128 532 935	6 636 488 990
New assets originated and purchased	7 460 367 944	1 841 314 131	450 836 159	9 752 518 234
Assets derecognised or repaid (excluding write offs)	(4 592 361 896)	(223 678 001)	(182 302 268)	(4 998 342 165)
Transfers to Stage 1	3 595 114 683	(3 497 484 143)	(97 630 540)	-
Transfers to Stage 2	(3 082 622 134)	3 292 938 875	(210 316 741)	-
Transfer to Stage 3	-	(615 797 758)	615 797 758	-
Amounts written off	(38 760)	(2 084 725)	(144 292 769)	(146 416 254)
Net monetary gain reversal	(2 495 456 074)	(429 550 350)	(91 142 610)	(3 016 149 034)
	6 787 190 824	**971 427 023**	**469 481 924**	**8 228 099 771**

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 10 January 2021	2 113 587 416	288 813 274	9 622 767	2 412 023 457
New assets originated and purchased	8 311 723 408	864 674 898	92 551 032	9 268 949 338
Assets derecognised or repaid (excluding write offs)	(3 947 922 932)	(102 784 647)	(22 924 631)	(4 073 632 210)
Transfers to Stage 1	2 769 311 712	(2 716 923 580)	(52 388 132)	-
Transfers to Stage 2	(2 528 203 192)	2 638 628 174	(110 424 982)	-
Transfers to Stage 3	(19 897)	(256 303 854)	256 323 751	-
Amounts written off	(187 139)	(1 202 431)	(40 590 740)	(41 980 310)
Net monetary gain reversal	(816 102 315)	(109 132 840)	(3 636 130)	(928 871 285)
	5 902 187 061	**605 768 994**	**128 532 935**	**6 636 488 990**

Notes to the Financial Statements

10. Trade and other receivables (continued)

The ECL allowance excludes Carousel receivables.
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 8 January 2023 and at 9 January 2022. The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages.

Credit terms offered to retail customers vary but do not exceed 12 months. The maximum credit period on sales of goods at 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 arrear's records at the end of the period.

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowances as at 9 January 2022	10 415 195	18 167 957	92 278 730	120 861 882
New assets originated or purchased	107 319 981	119 945 181	533 710 323	760 975 485
Assets derecognised or repaid	(156 302 978)	(116 076 521)	(100 606 505)	(372 986 004)
Transfers to Stage 1	188 619 220	(123 012 543)	(65 606 677)	-
Transfers to Stage 2	(46 441 153)	189 133 244	(142 692 091)	-
Transfers to Stage 3	-	(46 476 605)	46 476 605	-
Amounts written off	(27)	(164 580)	(98 327 695)]	(98 492 302)
Net monetary gain	(7 385 407)	(12 881 884)	(65 434 780)	(85 702 071)
	96 224 831	**28 634 249**	**199 797 910**	**324 656 990**

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowances as at 10 January 2021	9 886 441	10 342 016	6 547 986	26 776 443
New assets originated or purchased	9 537 714	50 569 354	204 614 586	264 721 654
Assets derecognised or repaid (excluding write offs)	(72 922 635)	(60 818 317)	1 939 943	(131 801 009)
Transfer to Stage 1	83 371 805	(47 459 365)	(35 912 440)	-
Transfer to Stage 2	(15 152 915)	91 569 587	(76 416 672)	-
Transfer to Stage 3	-	(21 503 115)	21 503 115	-
Amounts written off	(440)	(77 322)	(27 375 655)	(27 453 417)
Net monetary gain	(4 304 774)	(4 454 881)	(2 622 135)	(11 381 790)
	10 415 196	**18 167 957**	**92 278 728**	**120 861 881**

Notes to the Financial Statements

Figures in Zimbabwe dollar	Note(s)	Group 2023 For the 52 weeks to 8 January 2023	Group 2022 For the 53 weeks to 9 January 2022	Company 2023 For the 52 weeks to 8 January 2023	Company 2022 For the 53 weeks to 9 January 2022

11. Cash and cash equivalents

Cash and cash equivalents consist of:				
Bank balances	2 292 256 766	1 542 929 004	2 178 648 521	1 384 978 459
Bank overdraft	(870 535 219)	(788 555 509)	(866 553 100)	(786 754 688)
	1 421 721 547	**754 373 495**	**1 312 095 421**	**598 223 771**
Current assets	2 292 256 766	1 542 929 004	2 178 648 521	1 384 978 459
Current liabilities	(870 535 219)	(788 555 509)	(866 553 100)	(786 754 688)
	1 421 721 547	**754 373 495**	**1 312 095 421**	**598 223 771**

12. Share capital

Authorised ordinary share capital				
700,000,000 ordinary share capital (2020: 700,000,000 shares of $0.01 each)	66 226 533	66 226 533	66 226 533	66 226 533
Issued				
Ordinary	911 408 184	911 408 184	911 408 184	911 408 184

Issued ordinary shares and premium

	No. of shares 000s	Share capital	Share premium	Issued capital total
Balance at 10 January 2021	609 740	46 507 645	864 900 539	911 408 184
Issue of shares under employee share option plan -	-	-	-	
Issue of shares under rights issue	-	-	-	-
Balance at 9 January 2022	609 740	46 507 645	864 900 539	911 408 184
Balance at 8 January 2023	609 740	46 507 645	864 900 539	911 408 184

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) which have been consolidated as treasury shares in the group financial statements. In relation to the remaining 90 260 000 unissued shares, 84 788 401 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 24:31) and the balance of 5 471 599 are under the control of the shareholders in a general meeting.

13. Revaluation reserve

Revaluation reserve	660 910 440	660 910 440	666 807 431	666 807 431

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. There was no revaluation of property, plant and equipment performed in the current year.

Figures in Zimbabwe dollar	Note(s)	Group		Company	
		2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022

14. Credit reserve

Credit reserve	46 237 048	46 237 048	-	-

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.

15. Equity settled employee benefits reserve

Equity settled employee benefits reserve	220 068 270	220 068 270	220 068 270	220 068 270

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

16. Borrowings

Loans	4 051 273 927	4 411 165 726	3 791 735 493	4 126 491 019
Bank overdrafts	870 535 219	788 555 509	866 553 100	786 754 688
	4 921 809 146	**5 199 721 235**	**4 658 288 593**	**4 913 245 707**
Split between non-current and current portions				
Non-current liabilities	68 550 893	-	68 550 893	-
Current liabilities	4 853 258 253	5 199 721 235	4 589 737 700	4 913 245 707
	4 921 809 146	**5 199 721 235**	**4 658 288 593**	**4 913 245 707**

Summary of borrowing arrangements

(i) Secured with a Notarial General Covering Bond over moveable assets, cession of fire policies, debtors' book of ZW$1.7 billion (2022: ZW$1.9 billion) and ZW$ 1.97 billion shareholder's guarantees.

(ii) The weighted average effective interest rate on all the borrowings is 105.85% (2022: 41.28%) per annum.

(iii) Tenures range between 90 days and 365 days (2023) and 90 days and 365 months (2022).

Reconciliation of loan movements

Opening balance	5 199 721 235	1 351 629 819	4 913 245 707	1 351 266 647
Movement in overdraft position	1 164 378 179	356 565 386	1 158 097 652	355 127 734
Repayment of borrowings	(14 178 106 466)	(7 575 241 660)	(13 818 251 016)	(7 302 823 274)
Net monetary gain	(6 469 355 108)	(919 639 696)	(6 119 167 746)	(926 614 683)
Proceeds from borrowings	19 205 171 306	11 986 407 386	18 524 363 996	11 436 289 283
	4 921 809 146	**5 199 721 235**	**4 658 288 593**	**4 913 245 707**

Figures in Zimbabwe dollar	Note(s)	Group 2023 For the 52 weeks to 8 January 2023	Group 2022 For the 53 weeks to 9 January 2022	Company 2023 For the 52 weeks to 8 January 2023	Company 2022 For the 53 weeks to 9 January 2022

17. Lease liabilities

Non-current liabilities	-	604 692 795	-	604 692 795
Current liabilities	2 533 357 732	585 252 772	2 533 357 732	585 252 772
	2 533 357 732	**1 189 945 567**	**2 533 357 732**	**1 189 945 567**

18. Trade and other payables

Financial instruments:				
Trade payables	1 438 229 617	2 610 758 615	1 438 148 539	2 610 753 892
Sundry accounts payable and accrued expenses*	2 092 731 851	858 175 932	2 036 694 042	837 501 800
	3 530 961 468	**3 468 934 547**	**3 474 842 581**	**3 448 255 692**

*Included in sundry accounts payable is the cash value plan liability of ZWL 7 468 477 (2022: ZWL 7 468 738)

19. Contract liabilities

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.

Included in the current year balance are 91% of the points that were accrued for in the current year due to the Thank U Programme.

Lay bye deposits	16 451 015	11 777 451	16 451 015	11 777 451
Deferred income	169 744 501	136 115 222	169 744 501	136 115 222
	186 195 516	**147 892 673**	**186 195 516**	**147 892 673**

Reconciliation				
Opening balance of contract liabilities	147 892 673	28 600 935	147 892 673	28 600 935
Hyper inflationary effects	4 673 564	-	4 673 564	-
Receipts for which performance obligations will be performed in the future.	33 629 279	119 291 738	33 629 279	119 291 738
Closing balance	**186 195 516**	**147 892 673**	**186 195 516**	**147 892 673**

20. Dividend Payable

Balance at the beginning of the year	2 044 759	2 044 759	2 044 759	2 044 759
Dividend paid	-	-	-	-
Balance at the end of the year	**2 044 759**	**2 044 759**	**2 044 759**	**2 044 759**

Dividend payable are unclaimed amounts from 2018.

Figures in Zimbabwe dollar	Note(s)	Group 2023 For the 52 weeks to 8 January 2023	Group 2022 For the 53 weeks to 9 January 2022	Company 2023 For the 52 weeks to 8 January 2023	Company 2022 For the 53 weeks to 9 January 2022

21. Revenue

Sale of merchandise					
Retail sales		24 800 939 753	18 987 252 616	24 800 939 753	18 987 252 616
Manufacturing sales to third parties – local sales		1 362 728 523	114 737 910	1 362 728 523	114 737 910
Manufacturing sales to third parties – export sales		-	19 603 584	-	19 603 584
		26 163 668 276	**19 121 594 110**	**26 163 668 276**	**19 121 594 110**
Revenue from Micro Finance Institution and Debtors accounts		9 660 985 212	4 502 787 462	7 382 704 913	3 798 669 021
Other revenue		**99 411 261**	**51 381 077**	**99 411 261**	**51 381 077**
Hospital Cash Plan and Insurance Commission		56 659 031	33 148 741	56 659 031	33 148 741
Edgars Club Subscriptions		42 752 230	18 232 336	42 752 230	18 232 336
		9 760 396 473	**4 554 168 539**	**7 482 116 174**	**3 850 050 098**
Total revenue		**35 924 064 749**	**23 675 762 649**	**33 645 784 450**	**22 971 644 208**

22. Other income

Sundry income*		70 405 344	76 952 697	64 583 013	57 396 287
Rent received		6 785 873	19 901 923	22 567 250	24 750 216
		77 191 217	**96 854 620**	**87 150 263**	**82 146 503**

* Sundry income is comprised of commission on funeral policy payments received from employees and unallocated bank deposits.

23. Other operating gains (losses)

Gains on disposals of property, plant and equipment					
Property, plant and equipment		-	(6 160 005)	-	(6 160 005)
Exchange gains/(losses)					
Net exchange gains/ (losses)		231 201 197	(1 756 085 854)	74 311 768	(1 756 951 225)
Total other operating gains/ (losses)		**231 201 197**	**(1 762 245 859)**	**74 311 768**	**(1 763 111 230)**

Figures in Zimbabwe dollar	Note(s)	Group		Company	
		2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022

24. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Movement in credit loss allowances				
Trade and other receivables	347 072 464	99 418 533	347 072 463	99 418 533
Loans receivables at amortised cost	285 295 627	15 536 221	-	-
Bad debts recoveries	(70 355 467)	(33 701 153)	(66 888 132)	(33 701 153)
	562 012 624	**81 253 601**	**280 184 331**	**65 717 380**

Expenses by nature

The total cost of sales, employee costs, lease expenses, depreciation, amortisation and impairment and other operating expenses are analysed by nature as follows:

Cost of sales	13 884 135 489	9 169 397 908	13 884 135 489	9 171 858 139
Employee costs	6 892 723 808	4 121 819 125	6 421 304 090	3 981 001 910
Lease expenses	1 605 099 199	575 460 116	1 603 592 384	575 460 116
Depreciation, amortisation, and impairment*	1 382 309 795	1 543 231 626	1 338 485 100	1 502 452 857
Other expenses	4 620 292 999	2 472 457 042	3 832 360 302	2 269 882 571
	28 384 561 290	**17 882 365 817**	**27 079 877 365**	**17 500 655 593**

*Depreciation of ZWL 4 061 640 (2022:ZWL 18 141 556) on plant and machinery was reclassified to cost of sales.

25. Employee costs

Employee costs				
Salaries	6 445 019 923	3 832 526 516	5 988 721 886	3 698 258 367
Medical aid - Company contributions	265 402 645	139 674 733	257 551 046	135 523 643
Pension contributions	174 636 620	146 068 873	167 562 117	143 809 810
National Employment Council ("NEC") contributions	7 664 620	3 549 004	7 469 041	3 410 091
	6 892 723 808	**4 121 819 126**	**6 421 304 090**	**3 981 001 911**

Pension Funds

The group's operating companies and all employees contribute to the Edgars Pension Fund and National Social Security Authority scheme.

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 form Pension and Provident Funds Act, Chapter 24:09.

26. Share based payments

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 payments arrangements were in existence during the current and prior years.

Issue date	Number of shares
29 June 2007	4 300 000
10 June 2008	5 350 000
9 July 2009	4 300 000
20 March 2010	1 050 000
11 June 2010	4 150 000
29 March 2011	4 233 333
14 March 2012	4 655 500
15 March 2013	4 550 000

There were no share options forfeited this year (2022: nil). There have been no cancellations or modifications to any of the plans during 2022 and 2021. Cancelled and forfeited options are issued to other employees and are included in the share options granted above.

The fair value at grant date is 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 the movements

	52 weeks to 8 January 2023 No.	52 weeks to 8 January 2023 WAEP ZWc	53 weeks to 9 January 2022 No.	53 weeks to 9 January 2022 WAEP ZWc
Outstanding at the end of the period	3 460 832	9.78	3 460 832	9.78
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year		-	-	-
Outstanding at the end of the period	3 460 832	-	3 460 832	-
Exercisable at the end of the period	**3 460 832**	**-**	**3 460 832**	**-**

Figures in Zimbabwe dollar	Note(s)	Group 2023 For the 52 weeks to 8 January 2023	Group 2022 For the 53 weeks to 9 January 2022	Company 2023 For the 52 weeks to 8 January 2023	Company 2022 For the 53 weeks to 9 January 2022

27. Selling expenses

Selling expenses are expenses incurred by Edgars and Jet Stores. It covers employee costs, rent and occupancy and other operating expenses.

	Group 2023 52 weeks to 8 January	Group 2022 53 weeks to 9 January	Company 2023 52 weeks to 8 January	Company 2022 53 weeks to 9 January
Employee expenses	2 050 454 560	2 389 865 988	2 050 454 560	2 389 865 988
Rent and occupancy	955 437 703	616 384 588	955 437 703	616 384 588
Other operating expenses	2 962 318 003	966 797 628	2 962 318 003	966 797 628
	5 968 210 266	**3 973 048 204**	**5 968 210 266**	**3 973 048 204**

28. Financial services expenses

Financial services expenses are expenses incurred by Club Plus and Finserve Divisions. It covers employee costs, rent and occupancy and other operating expenses.

Employee expenses	399 218 623	334 880 010	399 218 623	214 570 206
Rent and occupancy	9 521 876	5 815 327	9 521 876	1 571 210
Other operating expenses	2 777 746 895	568 760 600	2 777 746 895	457 219 237
	3 186 487 394	**909 455 937**	**3 186 487 394**	**673 360 653**

29. Depreciation, amortisation, and impairment losses

Depreciation				
Property, plant and equipment	944 604 097	706 718 015	901 047 965	666 885 441
Right-of-use assets	424 981 566	791 864 893	424 981 566	791 981 893
	1 369 585 663	**1 498 402 908**	**1 326 029 531**	**1 458 570 334**
Amortisation				
Intangible assets	12 724 132	44 828 718	12 455 569	43 882 523
Total depreciation, amortisation and impairment				
Depreciation	1 369 585 663	1 498 402 908	1 326 029 531	1 458 570 334
Amortisation	12 724 132	44 828 718	12 455 569	43 882 523
	1 382 309 795	**1 543 231 626**	**1 338 485 100**	**1 502 452 857**

Figures in Zimbabwe dollar	Note(s)	Group		Company	
		2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022

30. Finance income

Interest income				
Interest received	-	67 356 352	-	127 875 288

31. Finance costs

Lease interest paid	701 500 610	473 967 858	701 500 610	473 967 858
Interest paid	3 620 360 769	1 514 714 207	3 496 845 588	1 471 585 374
Total finance costs	**4 321 861 379**	**1 988 682 065**	**4 198 346 198**	**1 945 553 232**

32. Taxation

Major components of the tax income				
Current				
Local income tax - current period	1 882 836 233	416 285 989	1 615 732 321	337 184 834
Withholding tax	-	3 042	-	3 042
	1 882 836 233	**416 289 031**	**1 615 732 321**	**337 187 876**
Deferred				
Originating and reversing temporary differences	(164 294 005)	(308 974 234)	(96 596 429)	(287 753 012)
	1 718 542 228	**107 314 797**	**1 519 135 892**	**49 434 864**

Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	1 912 990 497	2 028 429 847	1 572 084 961	1 866 296 537
Tax at the applicable tax rate of 24.72% (2022: 24.72%)	472 891 250	501 427 858	388 619 402	461 348 503
Tax effect of adjustments on taxable income				
Expenses which are not tax deductible	1 779 221 805	(111 883 119)	1 483 799 560	(141 736 246)
Permanent differences relating to passenger motor vehicles	(117 434 480)	3 961 582	(100 193 260)	3 961 582
Non-monetary loss	(416 136 347)	(286 191 524)	(253 089 810)	(274 138 975)
	1 718 542 228	**107 314 797**	**1 519 135 892**	**49 434 864**

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

		Group		Company	
Figures in Zimbabwe dollar	**Note(s)**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**

33. Cashflow

Non-cash items				
Depreciation of property, plant and equipment and right of use assets	1 382 309 795	1 543 231 626	1 338 485 100	1 502 452 857
Inventory obsolescence	15 338 392 054	120 295 898	15 338 392 054	120 295 899
Amortisation of intangible assets	12 724 132	44 828 718	12 455 569	43 882 523
Unwinding of lease liabilities	701 500 610	-	701 500 610	-
Loss on disposal of property, plant and equipment	-	6 160 005	-	6 160 005
Allowance for credit losses - trade and other receivables	347 072 463	99 418 533	398 580 833	99 418 533
Allowance for credit losses - loans and advances	285 295 627	15 536 221	-	-
Unrealised exchange loss	1 078 403 461	192 743 484	1 041 380 032	199 734 534
IAS29 hyperinflation effects	(22 814 840 782)	(1 098 370 378)	(21 194 699 640)	(1 401 224 548)
Monetary loss	1 683 399 464	(159 359 819)	(1 023 826 091)	(102 695 416)
	(1 985 743 176)	**764 784 288**	**(1 340 079 351)**	**468 024 387**

The total cash outflow for leases during the year was ZWL 1 482 362 771 (2022: ZWL 800 038 911).

			Non-cash changes	
	Opening balances	**Financing Cashflow**	**Monetary adjustment**	**Closing Balances**
Bank loans	4 272 327 626	6 681 388 204	(6 538 718 827)	4 414 997 003
Loans from related parties	927 393 609	430 473 853	(851 055 319)	506 812 143
Lease liabilities	1 189 945 458	1 343 412 164	-	2 533 357 732
	6 389 666 803	**8 455 274 221**	**(7 389 774 147)**	**7 455 166 878**

34. Tax paid

Balance at beginning of the year	(17 902 014)	(196 373 992)	(72 865 210)	(187 763 587)
Current tax for the year recognised in profit or loss	(1 882 836 233)	(416 285 989)	(1 615 732 321)	(337 184 834)
Inflation adjustment	(3 187 325 199)	74 203 134	(2 637 453 643)	70 929 543
Balance at end of the year	335 171 271	(17 902 014)	179 393 719	(72 865 210)
	(987 219 709)	**(556 358 861)**	**(915 192 814)**	**(526 884 088)**

35. Current tax receivable / (payable)

Normal tax	(335 171 271)	17 901 997	(179 393 719)	72 865 210

Figures in Zimbabwe dollar	Note(s)	Group		Company	
		2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022

36. Earnings per share

Weighted average number of ordinary shares (basic)	**000's**	**000's**	**000's**	**000's**
Issued ordinary shares at the beginning of the period	609 741	609 741	609 741	609 741
Effect of treasury shares	(36 475)	(36 475)	(36 475)	(36 475)
Share options exercised	-	-	-	-
Rights issued	-	-	-	-
Weighted average number of ordinary shares used in earnings per share	**573 266**	**573 266**	**573 266**	**573 266**
Weighted average number of ordinary shares (diluted)	000's	000's	000's	000's
Weighted average of ordinary shares (basic)	573 267	573 267	573 267	573 267
Effect of share options on issue	-	-	-	-
Weighted average number of ordinary shares (diluted)	**573 267**	**573 267**	**573 267**	**573 267**
Attributable basis				
Profit attributable to ordinary shareholders	194 448 269	1 921 115 050	52 949 069	1 816 861 673
Adjustments to basic earnings	-	6 160 005	-	6 160 005
Profit adjusted for cost of dilutive instruments	**194 448 269**	**1 927 275 055**	**52 949 069**	**1 823 021 678**

37. Commitments

Authorised capital expenditure				
Authorised and contracted	-	-	-	-
Authorised but not yet contracted for	5 671 555 106	2 007 698 143	5 671 555 106	2 007 698 143
	5 671 555 106	**2 007 698 143**	**5 671 555 106**	**2 007 698 143**

38. Interest 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:

Director's name	52 weeks to 8 January 2023 Beneficial	52 weeks to 8 January 2023 Non beneficial	53 weeks to 9 January 2022 Beneficial	53 weeks to 9 January 2022 Non beneficial
R Mlotshwa	4 000	100	4 000	100
C F Dube	-	100	-	100
V Mpofu	5 000	100	5 000	100
T N Sibanda	-	100	-	100
L L Tsumba	-	100	-	100
T N Ndlovu	-	-	-	-
H Vundla	-	-	-	-
Nominees	-	300	-	300
	9 000	**800**	**9 000**	**800**

38. Interest of directors in share capital (continued)

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.

39. Related parties

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Relationships	
Parent company	SSCG Africa LLP
Subsidiary	Club Plus (Private) Limited - 100% owned by Edgars Stores Limited
Shareholder	Annunaki (Private) Limited
Common ownership	Shearwater (Private) Limited
Former parent company	Edcon Holdings (Proprietary) Limited
Members of key management	Senior management in the group included in the Executive.

Related party relationships exist between the group, fellow subsidiaries and the holding company. All purchasing and selling transactions were concluded at market rate. 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 12% (2022: 20% per annum.)

Related party balances **Balances between Edgars Stores Limited and Club Plus Limited**	**8 January 2023**	**9 January 2022**
Intercompany loan	213 970 251	199 764 550
Investment in subsidiary	215 672 668	215 672 668
Balances between Edgars Stores Limited and Edcon Holdings (Proprietary) Limited		
Dividend payable	2 044 759	2 044 759
Balances between Edgars Stores Limited and Annunaki Investments (Proprietary) Limited		
Principal	271 702 535	1 880 075 346

The intercompany balances are used to fund the subsidiary's debtor's book. The group expects to recover the amounts when the customers settle their dues as the company has sufficient liquid assets to settle its debt. Resultantly no allowance has been made for this balance.

Related party transactions **Transactions between Edgars Stores Limited and Club Plus (Private) Limited**		
Rental of premises	15 781 378	3 975 552
Interest on intercompany loan	13 055 492	226 082 136
Transactions between Edgars Stores Limited and Annunaki Investment (Private) Limited		
Interest on loan	1 299 413 158	449 617 063

The Group expects to recover the intercompany loan amounts as Club Plus has sufficient liquid assets to settle its debt as and when it falls due. Resultantly no allowance has been made for this balance since it is a performing loan.

Annunaki Investments Loan 1 – ZWL 200 000 000
Edgars Stores Limited has a loan of ZWL 200 million availed by Annunaki signed by both parties on the 5th of December 2022. Interest is chargeable at a rate of 125% per annum payable in 3 monthly instalments. The loan capital amount together with any interest due if any was due and payable on the 5th of March 2023.

Annunaki Investments Loan 2 – USD 724 000
Edgars Stores Limited has a loan of USD 724k availed by Annunaki signed by both parties on the 5th of December 2022. Interest is chargeable at a rate of 12% per annum payable in 24 monthly instalments. The loan capital amount is payable in monthly instalments over a period of 24 months ending the 5th of December 2024.

Notes to the Financial Statements

39. Related parties

Edgars Financial Service Loan – ZWL 2 000 000 000

Edgars Stores Limited has a drawdown facility of ZWL 2 billion availed by Annunaki to the Edgars Financials Services Division, which is responsible for the Group's treasury function, including customer collections. The loan bears interest at the prevailing bank overdraft rate plus a mark-up rate of 7% and the amount is payable in 36 monthly installments. Furthermore, Annunaki is paid an additional 50% of the share of profit earned by the Edgars Financial Services Division for providing the facility.

Figures in Zimbabwe dollar	Note(s)	Group		Company	
		2023 For the 52 weeks to 8 January 2023	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
Transactions between the group and other fellow subsidiary companies					
Shearwater (Private) Limited – Merchandise purchase		-	-	-	27 502 629
Compensation to directors and other key management					
Short-term employee benefits		328 474 268	427 370 646	302 885 764	406 377 671
Pension and medical aid benefits		35 740 395	26 836 839	33 078 032	25 393 638
Cash value plan and profit share plans		226 994 669	50 083 813	208 319 085	49 318 618
		591 209 332	**504 291 298**	**544 282 881**	**481 089 927**

40. Financial risk management, objectives and policies

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 to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, considering 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 Group monitors capital based on the gearing ratio and level of borrowings, and this is calculated as net borrowings, divided by shareholder's equity. During the period, the Group's strategy was to maintain a healthy gearing ratio. During the period, the Group's strategy was to maintain a healthy gearing ratio.

Capital risk management					
Borrowings	16	4 921 809 146	5 199 721 235	4 658 288 593	4 913 245 707
Lease liabilities	17	2 533 357 732	1 189 945 567	2 533 357 732	1 189 945 567
Trade and other payables	18	3 530 961 468	3 468 934 547	3 474 842 581	3 448 255 692
Contract liabilities	19	186 195 516	147 892 673	186 195 516	147 892 673
Total borrowings		**11 172 323 862**	**10 006 494 022**	**10 852 684 422**	**9 699 339 639**
Cash and cash equivalents	11	(2 292 256 766)	(1 542 929 004)	(2 178 648 521)	(1 384 978 459)
Net borrowings		**8 880 067 096**	**8 463 565 018**	**8 674 035 901**	**8 314 361 180**
Equity		8 582 114 495	8 387 666 229	8 455 712 393	8 402 763 324
Gearing ratio		103%	101%	103%	99%

40. Financial risk management, objectives and policies (continued)

Financial risk management

Overview

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.

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). The maximum exposure to credit risk is equal to the carrying amounts disclosed in the Statement of Financial Position. The Group's governance structures include the Financial Services division which mainly focuses on credit management which is led by the Financial Services Executive. The Financial Services division is responsible for approving all credit risk related policies and processes and will inform the credit risk appetite within the guidelines specified through the Board of directors under which the Financial services division operates.

- Credit risk relating to cash deposits: The group deposits cash with reputable banks. In addition, most of these banks loaned money to the group, with the borrowed amount exceeding our deposits.

- Credit risk relating to trade receivables: The Group does not have any balances past due date which have not been adequately provided for, as the provisioning methodology applied takes the entire trade receivables – retail population into consideration. 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. A credit facility is established for each customer, which represents the maximum possible exposure to any account holder. The facility is made available to the account holder over time depending on the quality of credit behaviour displayed by the customer. These credit facilities are reviewed monthly. 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.

Notes to the Financial Statements

40. Financial risk management, objectives and policies (continued)

Trade receivables

The characteristics of trade receivables are as follows

2023

	Stage 1	Stage 2	Stage 3	Total
Credit risk has not increased significantly	6 787 190 824	-	-	6 787 190 824
Significant increase in credit risk	-	971 427 023	-	971 427 023
Credit impaired	-	-	469 481 924	469 481 924
	6 787 190 824	**971 427 023**	**469 481 924**	**8 228 099 771**

2022

	Stage 1	Stage 2	Stage 3	Total
Credit risk has not increased significantly	5 902 187 061	-	-	5 902 187 061
Significant increase in credit risk	-	605 768 994	-	605 768 994
Credit impaired	-	-	128 532 935	128 532 935
	5 902 187 061	**605 768 994**	**128 532 935**	**6 636 488 990**

Loans and advances to customers
The characteristics of loans and advances are as follows:

2023

	Stage 1	Stage 2	Stage 3	Total
Credit risk has not increased significantly	749 510 781	-	-	749 510 781
Significant increase in credit risk	-	61 538 693	-	61 538 693
Credit Impaired	-	-	91 503 786	91 503 786
	749 510 781	**61 538 693**	**91 503 786**	**902 553 260**

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit risk has not increased significantly	486 386 486	-	-	486 386 486
Significant increase in credit risk	-	30 440 817	-	30 440 817
Credit impaired	-	-	20 651 096	20 651 096
	486 386 486	**30 440 817**	**20 651 096**	**537 478 399**

Intercompany loan

The Group expects to recover the intercompany loan amounts as Club Plus has sufficient liquid assets to settle its debt as and when it falls due.

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.

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.

40. Financial risk management, objectives and policies (continued)

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 group'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.

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

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

PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. The IFRS 9 Stage classification of the exposure is determined by scores from the behavioural 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, persona indebtedness and expected interest repricing.

Exposure at Default (EAD)

Exposure at Default is defined as an estimation to which the Group will be exposed to a counterparty in the event of a default. The EAD models have been built using the historical experience of debt instruments that defaulted. Credit Conversion Factors (CCF) are determined using linear regression-based approach. EAD models are used at the portfolio level to forecast the proportion of the exposure that will be outstanding at the point of default.

Loss Given Default (LGD)

The Loss Given Default is defined as an estimate of the ultimate credit loss in the event of a default. The LGD models were built using the historical experience of defaulted credit facilities and the observed recoveries from the default date to the point of model development. The linear regression approach was used to construct LGD models. The LGD models are used at the portfolio level to evaluate 12-months LGDs for financial instruments with no significant increase in credit risk since initial recognition and lifetime LGDs are applied for financial instruments for which a significant increase in credit risk has occurred.

12-months LGDs were derived from discounted cashflows while lifetime LGDs were derived using a combination of 12-months LGDs and forward-looking macroeconomic factors. GDP per Capita and Annual Inflation were the statistically significant variables considered.

40. Financial risk management, objectives and policies (continued)

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 group 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

(rate of inflation, GDP per Capita, Payment behaviour) 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 recognising a Lifetime ECL. The probability weighted ECL is then determined considering the base, best- and worst-case scenarios.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at banking institutions.

The group has access and has utilised the following:

	52 weeks to 8 January 2023	**53 weeks to 9 January 2022**
Total banking and loan facilities	4 051 273 927	6 811 383 827
Utilised interest-bearing debt	(4 921 809 146)	(5 199 721 235)
Unutilised banking facilities	**(870 535 219)**	**1 611 662 592**

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.

	52 weeks to 8 January 2023	**53 weeks to 9 January 2022**
Maximum permissible interest-bearing debt	15 606 807 864	21 600 252 412
Interest bearing debt	(4 921 809 146)	(5 199 721 235)
	10 684 998 718	**16 400 531 177**
Cash and cash equivalents	2 292 256 766	1 542 929 004
Unutilised borrowing capacity	**12 997 255 484**	**17 943 460 181**

40. Financial risk management, objectives and policies (continued)

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

Group - 2023

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Interest bearing loans and borrowings	3 069 181 600	-	1 784 076 653	68 550 893	4 921 809 146
Trade and other payables	-	3 530 961 468	-	-	3 530 961 468
Lease liabilities	-	-	2 533 357 732	-	2 533 357 732
	3 069 181 600	**3 530 961 468**	**4 317 434 385**	**68 550 893**	**10 986 128 346**

Group - 2022

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Interest bearing loans and borrowings	788 555 509	3 922 771 386	488 394 340	-	5 199 721 235
Trade and other payables	-	3 468 934 547	-	-	3 468 934 547
Lease liabilities	-	-	585 252 772	-	585 252 772
	788 555 509	**7 391 705 933**	**1 073 647 112**	**-**	**9 253 908 554**

Company - 2023

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Interest bearing loans and borrowings	883 693 718	3 404 438 226	301 605 756	68 550 893	4 658 288 593
Trade and other payables	-	3 474 842 581	-	-	3 474 842 581
Lease liabilities	-	300 924 051	2 232 433 681	-	2 533 357 732
	883 693 718	**7 180 204 858**	**2 534 039 437**	**68 550 893**	**10 666 488 906**

Company -2022

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Interest bearing loans and borrowings	228 867 515	794 817 000	405 582 259	-	1 429 266 774
Trade and other payables	-	-	1 003 100 106	-	1 003 100 106
Lease liabilities	-	188 549 791	543 580 590	-	732 130 381
	228 867 515	**983 366 791**	**1 952 262 955**	**-**	**3 164 497 261**

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 group has managed foreign currency risk by ring fencing foreign denominated bank balances as security against ZWL loan borrowings. Furthermore, we have engaged our suppliers such that all local suppliers can be paid in either foreign currency or Zimbabwean dollars translated at the exchange rate on the day of payment. In this way the group exercises some discretion depending on movements in exchange rates.

Notes to the Financial Statements

40. Financial risk management, objectives and policies (continued)

Foreign denominated balances

	52 weeks to 8 January 2023 Unites States Dollar	53 weeks to 9 January 2022 United States Dollar	52 weeks to 8 January 2023 South African Rand	53 weeks to 9 January 2022 South African Rand
Assets				
Cash and cash equivalents in ZWL	1 931 663 063	461 937 373	65 525 993	33 215 520
Liabilities				
Trade payables in ZWL	(93 545 093)	(62 220 940)	-	-
Long term loan in ZWL	(68 550 893)	-	-	-
Total net position	**1 769 567 077**	**399 716 433**	**65 525 993**	**33 215 520**

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.

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

	Adjusted Interest	Current year interest	Impact on profit or loss Gain/(loss)	Tax effect	Impact
08 January 2023					
All figures in ZW$					
Increase of 200 basis points in interest rates	3 692 767 984	3 620 360 769	72 407 215	17 899 064	54 508 151
Decrease of 200 basis points in interest rates	3 547 953 554	3 620 360 769	(72 407 215)	(17 899 064)	(54 508 151)
9 January 2022					
All figures in ZW$					
Increase of 200 basis points in interest rates	483 447 215	473 967 858	9 479 357	2 343 297	7 136 060
Decrease of 200 basis points in interest rates	464 488 501	473 967 858	(9 479 357)	(2 343 297)	(7 136 060)

40. Financial risk management, objectives and policies (continued)

Capital risk

Capital risk refers to the risk of the Group's own capital resources being adversely affected by unfavourable external developments. The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the Group;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its businesses.

Overall, the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have always complied with all externally imposed capital requirements throughout the period

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Governing board as implemented by the Reserve Bank of Zimbabwe (the "RBZ"), for supervisory purposes for the micro lending subsidiary. The required information is filed with the RBZ on a quarterly basis. The capital requirements for Micro lending Institutions was the ZWL equivalent of USD 25 000 (ZWL 2 716 650) which was adequately covered by the Group's subsidiary which had equity of ZWL 4 619 117. Where risk of such non-compliance is identified, the Group supports the subsidiary with the required capital, so as to avoid penalties by the regulatory authorities.

These regulatory requirements are incorporated into the Group's management of capital by ensuring that the equity position of the subsidiary exceeds the capital requirements on a monthly basis. The Group is managing its capital in a satisfactory manner by ensuring that the business is appropriately leveraged insofar as enabling it to obtain reasonable returns. The Group primarily monitors capital using the gearing ratio, despite the inherent challenges of determining annual financial targets in a hyperinflationary environment. The Group ensures that following any share repurchases or payments to shareholders, on a fair value basis, the consolidated assets of the Group exceed its consolidated liabilities, and that the Group is able to pay its debts when they fall due.

Despite the Group's debt being higher than equity (refer to note 40) the Group benefited from the hyper inflationary environment during which a higher debt position was more favourable, as the inflation rate increased quicker than the borrowing rates adjustments from lenders.

40. Financial risk management, objectives and policies (continued)

Figures in Zimbabwe dollar	Group		Company	
	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022
Financial Instruments by category				
The following classifications of financial instruments have been applied:				
Financial assets at amortised cost				
Cash and bank balances	2 292 256 766	1 542 929 004	2 178 648 521	1 384 978 459
Amounts due from related parties	-	-	223 130 609	199 764 550
Financial assets at fair value through profit or loss				
Loans and advances to customers	697 977 870	521 076 657	-	-
Trade and other receivables	8 707 659 816	6 560 513 362	8 635 455 641	6 539 930 650
	11 697 894 452	**8 624 519 023**	**11 037 234 771**	**8 124 673 659**
Financial liabilities at amortised cost				
Borrowings	4 921 809 146	5 199 721 235	4 658 288 593	4 913 245 707
Trade and other payables	3 530 961 468	3 468 934 547	3 474 842 581	3 448 255 692
Other liabilities	2 719 553 247	1 337 838 241	2 719 553 247	1 337 838 241
	11 172 323 861	**10 006 494 023**	**10 852 684 421**	**9 699 339 640**

All financial instruments at fair value through profit or loss of the Group are classified as held-for-trading.

41. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

The valuation process relied on the Direct Capitalization of Net Income Method for commercial properties, and whilst the Direct Comparison Method was used for residential buildings.

Direct Capitalization of Net Income Method

In determining the opinion of value, the entity undertook the following;

➢ Estimated the gross rental income of the property and deducted the outgoings (operating expenses) which were also estimated based on both actual (past year's outgoings) and projected expenses for the current year

➢ After deduction of the outgoings we estimated the net rental income of the property. We then capitalized the net annual income at a rate which we considered appropriate for the property in accordance to nature, age, and locality to come up with an opinion of value.

Notes to the Financial Statements

41. Fair value information (continued)

Direct Comparison Method

For residential properties, the value of one property may be derived by comparing it with prices achieved from market transactions in similar properties with key reference and analysis based on the facilities, location and quality.

Level 3

		Group		Company	
		52 weeks to 8 January 2023	53 weeks to 9 January 2022	52 weeks to 8 January 2023	53 weeks to 9 January 2022
Property, plant and equipment					
Land & buildings	2	541 500 203	557 912 026	541 500 203	557 912 026
Leasehold improvements		171 764 682	115 914 515	154 883 881	100 606 436
Furniture, fittings & equipment		1 157 843 917	1 009 113 435	1 128 043 939	984 756 310
Computer equipment		110 312 264	333 721 604	153 192 447	305 943 362
Motor vehicles		191 074 339	251 631 663	96 697 293	245 019 827
Plant and machinery		210 914 785	248 172 479	210 914 786	248 172 481
		2 383 410 190	**2 516 465 722**	**2 285 232 549**	**2 442 410 442**

Included in the plant and machinery is ZW$4 704 723 in prior year that was not revalued. The plant and machinery were depreciated.

42. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

43. Events after the reporting period

On the 2nd of February 2023, the Reserve Bank of Zimbabwe announced a review of interest rates effective 1 February 2023 as follows:

- Bank policy rate reduced from 200% to 150% per annum
- The lending rate on the Medium-term Bank Accommodation (MBA) Facility for the productive sectors, reduced from 100% per annum to 75% per annum
- The prevailing Bank policy rate maintained as the minimum lending rate for all banks.

On the forward guidance on interest rates, the RBZ announced that Policy rates are expected to be aligned to the implied ZWL$ inflation path and end the year 2023 between 30%-60%

44. Contingent liabilities

Taxation provisions

The Group has provisional tax underpayments amounting to ZWL 519 million relation to management's assessment of the amount of tax payable on current tax positions where the liabilities remain to be agreed with ZIMRA. Ordinarily underpayment of provisional taxes results in interest being levied. The potential interest to be levied on the respective underpayments approximates ZWL 657 million.

45. Dividend declaration

No dividend was declared for the year ended 8 January 2023 (2022: Nil).

Edgars Stores Limited
(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Supplementary Information (Historical Financial Statements)

Statement of Financial Position as at 08 January 2023

	Group		Company	
Figures in Zimbabwe dollar	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
Assets				
Non-Current Assets				
Property, plant and equipment	1 049 886 231	739 661 982	1 007 623 468	718 119 248
Right-of-use assets	884 926 748	259 406 142	884 926 748	259 406 142
Intangible assets	1 731 080	1 732 648	1 730 780	1 730 780
Investments in subsidiary	-	-	1 000 000	1 000 000
Deferred tax assets	276 935 761	-	212 157 770	-
	2 213 479 820	**1 000 800 772**	**2 107 430 766**	**980 256 170**
Current Assets				
Inventories	2 555 239 917	1 271 883 112	2 552 111 041	1 271 150 582
Loans and advances to customers	697 977 870	151 581 581	-	-
Trade and other receivables	8 707 659 817	1 908 140 441	8 635 455 642	1 902 470 615
Current tax receivable	-	5 207 682	-	21 196 521
Intercompany loan	-	-	223 130 609	58 111 654
Cash and cash equivalents	2 292 256 766	448 839 177	2 178 648 521	402 891 248
	14 253 134 370	**3 785 651 993**	**13 589 345 813**	**3 655 820 620**
Total Assets	**16 466 614 190**	**4 786 452 765**	**15 696 784 579**	**4 636 076 790**
Equity and Liabilities				
Equity				
Share capital	73 411 672	73 411 672	73 411 672	73 411 672
Reserves	551 200 508	551 200 508	519 039 881	519 039 881
Retained income	4 512 797 247	1 171 420 044	4 250 545 255	1 146 866 241
	5 137 409 427	**1 796 032 224**	**4 842 996 808**	**1 739 317 794**
Liabilities				
Non-Current Liabilities				
Borrowings	68 550 893	-	68 550 893	-
Lease liabilities	-	90 685 040	-	175 905 577
Deferred tax	-	175 905 576	-	86 374 930
	68 550 893	**266 590 616**	**68 550 893**	**262 280 507**
Current Liabilities				
Trade and other payables	3 530 961 468	1 009 115 600	3 474 842 581	1 003 100 106
Borrowings	4 853 258 253	1 512 602 715	4 589 737 700	1 429 266 774
Lease liabilities	2 533 357 732	170 250 461	2 533 357 732	170 250 460
Current tax payable	335 171 271	-	179 393 719	-
Dividend payable	370 059	370 059	370 059	370 059
Contract liabilities	7 535 087	31 491 090	7 535 087	31 491 090
	11 260 653 870	**2 723 829 925**	**10 785 236 878**	**2 634 478 489**
Total Liabilities	**11 329 204 763**	**2 990 420 541**	**10 853 787 771**	**2 896 758 996**
Total Equity and Liabilities	**16 466 614 190**	**4 786 452 765**	**15 696 784 579**	**4 636 076 790**

Edgars Stores Limited

(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Supplementary Information (Historical Financial Statements)

Statement of Profit or Loss and Other Comprehensive Income

Figures in Zimbabwe dollar	Group		Company	
	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022	2023 For the 52 weeks to 8 January 2023	2022 For the 53 weeks to 9 January 2022
Revenue	**24 046 227 856**	**5 731 273 425**	**23 058 832 948**	**5 566 495 082**
Sale of merchandise	17 739 993 527	4 647 929 630	17 739 993 527	4 647 929 630
Cost of sales	(6 406 338 726)	(2 209 600 469)	(6 406 338 726)	(2 209 600 469)
Gross profit	**11 333 654 801**	**2 438 329 161**	**11 333 654 801**	**2 438 329 161**
Revenue from Micro Finance Institutions and other debtors accounts	6 243 010 355	1 070 955 091	5 255 615 447	906 176 748
Other revenue	63 223 974	12 388 704	63 223 974	12 388 704
Other income	59 396 045	23 303 952	64 038 765	28 347 575
Other expenses	(468 805 094)	(925 408 814)	(32 033 904)	(895 452 208)
Movement in credit loss allowances	(441 263 186)	(25 075 105)	(242 773 405)	(28 920 924)
Selling expenses	(6 579 589 426)	(781 973 969)	(6 579 589 426)	(781 973 969)
Financial Services expenses	(2 150 358 402)	(217 021 621)	(2 150 358 402)	(159 745 303)
Trading profit	**8 059 269 067**	**1 595 497 399**	**7 711 777 850**	**1 519 149 784**
Gains from disposal of property, plant and equipment	-	2 116 204	-	2 116 204
Net foreign exchange losses	(547 944 870)	(438 513 539)	(575 469 698)	(439 537 837)
Operating profit	**7 511 324 197**	**1 159 100 064**	**7 136 308 152**	**1 081 728 151**
Finance income	-	5 119 103	-	13 713 104
Finance costs	(3 410 371 948)	(460 279 215)	(3 364 298 742)	(449 941 214)
Profit before taxation	**4 100 952 249**	**703 939 952**	**3 772 009 410**	**645 500 041**
Taxation	(759 575 046)	6 911 460	(668 330 396)	29 736 423
Profit for the year	**3 341 377 203**	**710 851 412**	**3 103 679 014**	**675 236 464**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation of property, plant and equipment	-	223 218 023	-	215 973 072
Deferred tax liability arising on revaluation	-	(55 178 970)	-	(53 388 543)
Total items that will not be reclassified to profit or loss	**-**	**168 039 053**	**-**	**162 584 529**
Other comprehensive income for the year net of taxation	**-**	**168 039 053**	**-**	**162 584 529**
Total comprehensive income for the year	**3 341 377 203**	**878 890 465**	**3 103 679 014**	**837 820 993**

Supplementary Information (Historical Financial Statements)

Statement of Changes in Equity

Figures in Zimbabwe dollar	Share Capital Reserve	Revaluation Reserve	Credit Employee Benefits Reserve	Equity Settled Reserves	Total Income	Retained Equity	Total
Group							
Balance at 10 January 2021	**73 411 672**	**369 159 549**	**972 590**	**1 008 964**	**371 141 103**	**478 525 677**	**923 078 452**
Profit for the year	-	-	-	-	-	710 851 412	710 851 412
Other comprehensive income	-	167 581 604	-	-	167 581 604	-	167 581 604
Total comprehensive income for the year	**-**	**167 581 604**	**-**	**-**	**167 581 604**	**710 851 412**	**878 433 016**
Transfer to credit reserve	-	-	12 477 801	-	12 477 801	(12 477 801)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**12 477 801**	**-**	**12 477 801**	**(12 477 801)**	**-**
Opening balance as previously reported Adjustments	73 411 672	536 741 153	13 450 391	1 008 964	551 200 508	1 176 899 288	1 801 511 468
Prior year adjustments	-	-	-	-	-	(5 479 244)	(5 479 244)
Restated balance at 9 January 2022	**73 411 672**	**536 741 153**	**13 450 391**	**1 008 964**	**551 200 508**	**1 171 420 044**	**1 796 032 224**
Profit for the year	-	-	-	-	-	3 341 377 203	3 341 377 203
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**3 341 377 203**	**3 341 377 203**
Transfer to credit reserve	-	-	-	-	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 08 January 2023	**73 411 672**	**536 741 153**	**13 450 391**	**1 008 964**	**551 200 508**	**4 512 797 247**	**5 137 409 427**

Edgars Stores Limited

(Registration number 379/1948)
Financial Statements for the year ended 08 January 2023

Supplementary Information (Historical Financial Statements)

Statement of Changes in Equity

Figures in Zimbabwe dollar	Share Capital Reserve	Revaluation Reserve	Credit Employee Benefits Reserve	Equity Settled Reserves	Total Income	Retained Equity	Total
Company							
Balance at 10 January 2021	**73 411 672**	**355 901 710**	**-**	**1 008 964**	**356 910 674**	**477 109 021**	**907 431 366**
Profit for the year	-	-	-	-	-	675 236 464	675 236 464
Other comprehensive income	-	162 129 207	-	-	162 129 207	-	162 129 207
Total comprehensive income for the year	**-**	**162 129 207**	**-**	**-**	**162 129 207**	**675 236 464**	**837 365 671**
Opening balance as previously reported Adjustments	73 411 672	518 030 917	-	1 008 964	519 039 881	1 152 345 485	1 744 797 037
Prior year adjustments	-	-	-	-	-	(5 479 244)	(5 479 244)
Restated balance at 9 January 2022	**73 411 672**	**518 030 917**	**-**	**1 008 964**	**519 039 881**	**1 146 866 241**	**1 739 317 793**
Profit for the year	-	-	-	-	-	3 103 679 014	3 103 679 014
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**3 103 679 014**	**3 103 679 014**
Balance at 08 January 2023	**73 411 672**	**518 030 917**	**-**	**1 008 964**	**519 039 881**	**4 250 545 255**	**4 842 996 807**

Supplementary Information (Historical Financial Statements)

Statement of Cash Flows

Figures in Zimbabwe dollar	Group		Company	
	2023 For the 52 weeks to 8 January 2023	**2022 For the 53 weeks to 9 January 2022**	**2023 For the 52 weeks to 8 January 2023**	**2022 For the 53 weeks to 9 January 2022**
Cash flows from operating activities				
Profit before taxation	4 100 952 249	703 939 952	3 772 009 411	645 500 041
Adjustments for:				
Finance income	(6 243 010 355)	(1 076 074 194)	(5 255 615 447)	(919 889 852)
Finance costs	3 410 371 948	460 279 215	3 364 298 742	449 941 214
Non-cash items	5 107 006 932	12 336 621	5 784 712 945	20 725 088
Changes in working capital:				
(Increase) in inventories	(1 283 356 805)	(885 848 652)	(1 280 960 459)	(885 185 975)
(Increase) in trade and other receivables	(6 799 519 375)	(1 456 437 759)	(6 732 985 027)	(1 451 928 732)
(Increase) in loans and advances to customers	(546 396 289)	(121 211 528)	-	-
Increase in trade and other payables	2 521 845 868	709 781 823	2 471 742 475	705 136 574
(Decrease)/Increase in contract liabilities	(23 956 003)	28 844 146	(23 956 003)	28 844 145
Cash (used in) generated from operations	**243 938 170**	**(1 624 390 376)**	**2 099 246 636**	**(1 406 857 497)**
Tax paid	(873 839 843)	(161 846 022)	(853 612 656)	(153 265 973)
Finance income received	5 357 134 251	1 263 273 235	3 664 940 892	1 094 395 285
Finance costs paid	(3 333 312 091)	(228 949 604)	(3 287 238 885)	(218 995 165)
Lease rentals paid	(596 051 381)	(111 274 770)	(596 051 381)	(111 274 770)
Net cash from operating activities	**797 869 106**	**(863 187 537)**	**1 027 284 607**	**(795 998 120)**
Cash flows from investing activities				
Purchase of property, plant and equipment	(598 012 718)	(106 523 428)	(561 564 975)	(104 142 082)
Proceeds from disposal of property, plant and equipment	-	1 606 900	-	1 606 900
Loans advanced to subsidiaries	-	-	(165 018 955)	(29 216 289)
Net cash from investing activities	**(598 012 718)**	**(104 916 528)**	**(726 583 930)**	**(131 751 471)**
Cash flows from financing activities				
Proceeds from borrowings	10 574 981 198	3 486 854 686	10 200 106 932	3 326 824 927
Repayment of borrowings	(7 806 918 611)	(2 370 015 595)	(7 608 770 698)	(2 292 797 917)
Payment on lease liabilities	(698 005 626)	(70 357 623)	(698 005 628)	(70 357 621)
Net cash from financing activities	**2 070 056 961**	**1 046 481 468**	**1 893 330 606**	**963 669 389**
Total cash movement for the year	**2 269 913 349**	**78 377 403**	**2 194 031 282**	**35 919 798**
Effects of exchange rates fluctuations on cash held	(1 067 639 605)	(61 438 740)	(1 055 959 597)	(61 138 265)
Cash and cash equivalents at the beginning of the year	219 447 802	202 509 139	174 023 733	199 242 200
Cash and cash equivalents at the end of the year	**1 421 721 546**	**219 447 802**	**1 312 095 418**	**174 023 733**