Tongaat Hulett

HIPPO VALLEY ESTATES LIMITED

2019
ANNUAL REPORT

Contents

Note: Unless otherwise stated, all financial amounts are expressed in RTGS dollar(s).

Notice to Shareholders

Notice is hereby given that the sixty-third Annual General Meeting of members of Hippo Valley Estates Limited will be held at Meikles Hotel, Harare, Zimbabwe at 12 noon on Wednesday, 19 February 2020 to conduct the following business:

1. To receive and consider the financial statements of the Group and Company for the year ended 31 March 2019;
2. To fix the remuneration of the Auditors for the past audit and to re-appoint Deloitte & Touche as Auditors for the ensuing year;
3. To elect Directors in place of Messrs J P Maposa, L R Bruce and D L Marokane who retire by rotation in terms of article 100 of the Articles of Association, and who, being eligible, offer themselves for re-election. Motions for re-election will be moved individually;
4. To elect Messrs A Mhere, S Harvey and R D Aitken as Directors who, having been appointed during 2019, are required to retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election; and
5. To consider and, if deemed fit, to pass, with or without modification, the following resolution:

Ordinary Resolution

"Resolve as an ordinary resolution that the proposed fees, set out below, payable to non-executive Directors for their services as Directors on the Board and Board Committees for the period 1 April 2019 to 31 March 2020 be and are hereby approved".

	Existing quarterly fee RTG$	**Proposed quarterly fee 1 April 2019 to 31 Mar 2020* RTG$**
Hippo Valley Estates Limited Board:		
Chairman	6 174	75 000
Non-Executive Director	3 087	37 500
Audit and Compliance Committee:		
Chairman	3 087	37 500
Non-Executive Director	1 543	18 750

*60% paid as a Fixed/Retainer Fee and 40% as an Attendance Fee per meeting.

A member entitled to attend, speak and vote at the meeting may appoint any other person or persons (none of whom need to be a shareholder), as a proxy or proxies to attend, speak and vote at the Annual General Meeting in such shareholder's stead. A proxy form is enclosed for use by shareholders which should be lodged, duly completed, at the registered office of the Company not less than 48 hours before the start of the Annual General Meeting.

By order of the Board

B Shava
Company Secretary

20 December 2019

Directorate, Management and Administration

Directorate		Board attendance (3 meetings)	Audit Committee attendance (4 meetings)
D L Marokane	Non-executive Chairman	3	-
J G Hudson (appointed on 01.02.19, resigned on 27.08.19)	Non-executive Director	-	-
R D Aitken* (appointed on 01.02.09)	Non-executive Director	-	-
S Harvey (appointed on 29.07.19)	Non-executive Director	-	-
A Mhere (appointed on 01.12.19)	Chief Executive Officer	1	-
S D Mtsambiwa (resigned on 31.07.19)	Non-executive Director	3	-
L R Bruce*	Independent Non-Executive Director	3	4
S G Nhari	Non-Executive Director	3	-
J E Chibwe	Finance Director	3	-
N Kudenga*	Independent Non-executive Director	3	4
J P Maposa	Independent Non-executive Director	3	-
M H Munro (resigned on 18.09.18)	Non-executive Director	1	-
S L Slabbert* (resigned on 10.06.19)	Non-executive Director	3	4
P H Staude (resigned on 31.10.18)	Non-executive Director	3	-

* Member of the Audit Committee

Management and Administration

Senior Management

Mill Manager	C A S Kubara
Human Resources Manager	K Gwamura
Senior Medical Officer	T A Mukwewa (Dr)
Finance Operations Manager and Company Secretary	B Shava

Applying water to the cane crop

Transfer Secretaries
First Transfer Secretaries (Private) Limited
1 Armagh Road
Eastlea
Harare

Independent Auditors
Deloitte & Touche
West Block, Borrowdale Office Park,
Harare

Bankers
Standard Chartered Bank Zimbabwe Limited
First Capital Bank Zimbabwe Limited
African Banking Corporation of Zimbabwe Limited (BancABC)
CBZ Bank Limited
Central Africa Building Society (CABS)
Stanbic Bank Zimbabwe Limited

Legal Practitioners
Scanlen and Holderness
CABS Centre
74 Jason Moyo Avenue
Harare

Estate and Registered Office
Hippo Valley Estates
P.O. Box 1
Chiredzi

Telephone : +263 231 231 5151/6
Mobile : +263 779 559 966
Email : companysecretary@hippo.co.zw

Consolidated Financial Summary

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000 Restated
Revenue	244 890	159 017
Operating profit	113 612	11 123
Profit before tax	108 491	7 403
Profit for the year	73 776	5 462
Net cash generated from operations	21 066	29 583
Net cash inflow from operating activities	7 341	22 475
Capital expenditure	(9 818)	(17 783)
Basic and diluted earnings per share (RTGS cents)	38	3
Net asset value	233 361	142 910
Net asset value per share (RTGS cents)	121	74
Market capitalization at year end	290 496	324 275
Price per share at year end (RTGS cents)	151	168

Project Kilimanjaro-Official launch

COMMENTARY

Operating Environment

The results for the year ended 31 March 2019 were achieved in a very difficult environment, characterised by severe liquidity constraints compounded by the introduction of the 2% Intermediated Money Transfer Tax (IMTT), increased arbitrage activities and the resultant cost push inflation, combined with landmark changes to the currency and exchange rate dynamics. These changes involved the separation and creation of distinct bank accounts for depositors, namely Nostro FCA and RTGS FCA in October 2018, and were immediately followed by a proliferation of increased arbitrage activities and the resultant price distortion, further compounded by the subsequent introduction of the Inter-bank foreign exchange market in February 2019 and the concurrent introduction of the RTGS dollar as a currency. The combination of these changes precipitated increases in the inflation rate, which reached a high of 67% by March 2019 on the back of a multiplicity of exchange rates to the US dollar, fueled by the parallel market activities. Notwithstanding the post-election disturbances and the socio-economic dynamics, the operating environment remained relatively stable. The financial performance for the period under review is being evaluated in the context of these local macro-economic dynamics.

Summary

An operating profit of RTGS$ 113.6 million for the year ended 31 March 2019 was achieved, compared to RTGS$11.1 million (restated) in the prior year. This was mainly due to an improvement in the sales mix, an increase in sales volume for both local and export markets and timely adjustments of prices in response to inflationary pressures. The availability of irrigation water positively impacted cane yields, resulting in the increase in sugar production to 239 000 tons (2018: 197 000 tons).

Operations

A total of 1 862 000 tons (2018: 1 534 000 tons) of cane was crushed during the season, of which 1 068 000 tons (2018: 875 000 tons) was Company cane and 730 000 tons (2018: 659 000 tons) was delivered by private farmers. In addition, 35 000 tons and 29 000 tons were received from Green Fuel and Triangle Ltd, respectively. A total of 239 000 tons sugar was produced (2018: 197 000), a 21% increase from the last season, on the back of improved cane yields. Cane plough out and replanting programmes continued during the year with a total of 1 670 hectares (2018: 2 841 hectares) being replanted for the year ended 31 March 2019, as part of the continued initiative to restore cane yields to optimal levels in the shortest time possible. The momentum established in previous years to reduce costs through operating efficiencies and conversion of fixed costs into variable was maintained throughout the current reporting period.

Marketing

Total industry sales of 371 000 tons (2018: 349 000 tons) were realised in the local market, an increase of 6% from the previous year. Total industry exports to Europe, the United States of America and regional markets increased to 112 000 tons (2018: 58 000), an increase of 54 000 tons due to increased production and reduced local market sales. The combination of a favourable sales mix and the price adjustments achieved in the domestic market resulted in an average mill door price for the season of RTGS$861 per ton (2018: RTGS$626 per ton), a 38% overall increase.

Financial Results

Due to the economic volatilities and the resultant price distortions, coupled with the introduction of the RTGS dollar in February 2019 at an unrealistic exchange rate (not reflective of the economic fundamentals), financial results for the year are not readily comparable to prior year. In this regard, the financial performance is being reviewed in the context of the inherent economic distortions, with particular reference to the implications of SI 33 of 2019 which introduced the RTGS dollar at an exchange rate of 1 : 1 to the US dollar.

Revenue for the year amounted to RTGS$244.9 million (2018: RTGS$159.0 million), an increase of 54% mainly due to the 21% increase in sugar production, combined with the impact of domestic market sugar price adjustments prompted by cost push inflation experienced in the period post October 2018. As a result, operating profit increased to RTGS$113.6 million (2018: RTGS$11.1 million).

Operating cash inflow (after working capital movements) was RTGS$21.1 million (2018: inflow of RTGS$29.6 million), a decrease of RTGS$8.5 million as a result of an increase in cash absorbed in working capital. Cash generated from operations amounted to RTGS$37.2 million (2018: RTGS$16.6 million), while working capital decreased by RTGS$16.1 million compared to a RTGS$13.0 million increase in the prior year. Overall, after taking into account capital expenditure and root replanting costs totalling RTGS$9.8 million (2018: RTGS$17.8 million), a total net cash outflow before financing activities of RTGS$0.5 million (2018: RTGS$5.3 million inflow) was realised.

The Company's net debt at 31 March 2019 amounted to RTGS$37.1 million compared to the prior year net debt level of RTGS$33.2 million. A total of RTGS$6.7 million (2018: RTGS$4.7 million) was incurred in finance costs, commensurate with the level of borrowings over the period under review, all of which were unsecured at an average interest rate of 6.43% (2018: 7.97%).

An attributable profit of 38.2 RTGS cents per share was achieved for the year compared to 2.8 RTGS cents per share realised in the prior year.

Land and Milling License

The attention of members is drawn to note 30.8 of the financial statements on the de-recognition of land measuring 54 205 hectares whose ownership effectively transferred to the Government of Zimbabwe ("Government") in July 2005, in terms of the Land Acquisition Act (Chapter 20:10) and the Constitution of Zimbabwe Amendment No. 17.

The Directors believe that the adoption of industry practice in the past in recognising the land in the statement of financial position of the Group and Company, is not consistent with the substance and legal form of land dynamics in the country after considering the terms of the Constitution of Zimbabwe Amendment No. 17 and the Land Acquisition Act (Chapter 20:10) together with the gazetting for acquisition of 70% of the land by Government in August 2003. In coming to this conclusion, the Directors obtained legal opinion.

In order to secure its assets and provide certainty of tenure, in February 2019, the Group and Company formally applied to the Government of Zimbabwe for a 99 year lease, on the designated agricultural land under their use, which lease is still to be formalised and finalised.

The Group's milling license expired in prior years. Applications to renew the license were lodged with the relevant authorities and their response is still awaited.

Notwithstanding the land dynamics in Zimbabwe and the absence of a milling license, the Directors are satisfied that the Group and Company will continue to operate as a going concern into the foreseeable future.

Financial Review

Members will recall that in June 2019 and in November 2019, the Company issued cautionary statements in which it advised that the parent company, Tongaat Hulett Limited ("THL"), was conducting a strategic and financial review the outcome of which was likely to impact the Company's financial results, arising mainly from changes in accounting policies, estimates and correction of prior period errors. This review by THL has resulted in the Group and Company changing the accounting treatment of various elements of the financial statements. The impact of these changes in treatment, which resulted in prior period errors in respect of the respective elements, are detailed in the notes to the financial statements. The review of the THL financials is complete and key findings are available on the THL website.

Dividends

Due to the persistent economic volatilities and the resultant price distortions, combined with the currency changes introduced in February 2019, the Directors have decided not to declare a dividend for the year ended 31 March 2019.

Sustainable Rural Communities

Private farmers continue to make a significant contribution towards the overall performance of the industry. During the 2018/19 season, private farmers replanted 1 908 hectares (2017/18: 1 226 hectares) under sugar cane following the improved availability of irrigation water. During the past season, total private farmer cane deliveries to the two sugar mills amounted to 1 067 112 tons (2018: 1 075 740 tons) from 872 active farmers who directly employ approximately 8 000 workers.

The Company continues to pro-actively engage with all its stakeholders with a view to creating successful communities on a sustainable basis. As part of the Company's ongoing community empowerment drive under its Socio Economic Development programme, a total of RTGS$5.0 million (2018: RTGS$2.7 million) was spent on various community development initiatives.

Chairman's Statement and Chief Executive's Review

(continued)

OUTLOOK

While the recent surge in inflation to 175.66% in June 2019 is cause for concern, the Company remains optimistic that the Transitional Stabilization initiatives by Government will yield positive results in restoring the economic fundamentals. As such the industry will continue to expand its sugar cane production (through both vertical and horizontal growth) and supply to the sugar mills, aimed at utilising available total milling capacity. Of note, under this initiative is the Kilimanjaro Project where a total of 3 362 hectares is targeted to be developed and work is already underway. As part of the Tongaat Hulett Group, the Company has embarked on a turnaround strategy, code-named 'Project Crystal', focusing on three main areas of right-sizing and fixing the business fundamentals, leveraging the value chain and creating a platform for long-term growth.

Cost reduction will continue to be a focus area. Given the high fixed cost nature of sugar operations, unit costs of sugar production for the Company are expected to reduce further with the benefit of future volume increases thereby increasing the competitiveness of its sugar on both the domestic and export markets.

By Order of the Board

D L Marokane	A Mhere
Chairman	Chief Executive Officer

13 December 2019

INTRODUCTION

Hippo Valley Estates Limited (the Company) as a responsible corporate stakeholder in the community, is committed to the development of the South Eastern Lowveld and as such corporate social initiatives are undertaken with a socio-economic development emphasis through Public Private Partnerships (PPPs) and Public Private Community Partnerships (PPCPs). The key focus areas for corporate social investment are food security at household level, education, water, health and sanitation, infrastructure development and conservation, as well as sports, arts, and culture.

The Company strives to create value for all its stakeholders in a responsible and ethical manner. Its policies are enshrined in the principles of transparency, communication and accountability as critical components of delivering on the expectations of the investment community, private farmers, local communities, governments, consumers, suppliers, and employees.

The Company continues to make progress in creating a safe working environment for its employees and to conduct its operations in a manner that ensures environmental sustainability. Its Safety, Health, Environmental and Sustainable (SHES) management system is founded on the Zero Harm Principle which is designed to develop incremental improvements in sustainable performance towards established goals, through appropriately selected themes aimed at entrenching a safety mind-set in employees and surrounding communities.

SAFETY MANAGEMENT

Pursuant to its policy of ensuring the safety of its employees and the surrounding community, the Company implemented the following initiatives:

- **Vehicle Safety Improvement Initiatives**
    - Installation of vehicle speed tracking devices on all vehicles
    - Installation of safety belts that are linked to the switch mechanism for engine start up was done on all tractors
    - Installation of interlocking safety belts on all tractors.

- **Lightning Detection and Early Warning System**
    - A total of 50 lightning detection devices were purchased and distributed amongst teams that work in the fields and paddocks. The devices detect lightning activity whilst it is about 30km away and gives the teams ample time to find a safe place.
    - As mitigation effort to the risk presented by lightning to the Chiredzi/Triangle community a campaign targeted at heightening the level of both alertness and knowledge of appropriate risk mitigation behaviour by members of the community was conducted. The exercise was executed by the Lowveld Civil Protection Unit through an initiative by the Company.

2018/19 Achievements

The company recorded a LTIFR of 0.037 during the year, compared to 0.019 which was recorded in 2017/18.

SHES Awards

In recognition of the various strategies being implemented to manage its SHE Risks/Impacts, the Company was awarded the following accolades by NSSA:

Number	Award category	Operation	Award
1	Agriculture Sector	Hippo Valley Estates Agriculture	Silver
2	Manufacturing Sector	Hippo Valley Estates Mill Division	Silver
3	Transport Sector	Hippo Valley Estates Garage	Bronze
4	Commerce and distribution Sector	Hippo Valley Estates Services	Gold
5	Provincial Award	Hippo Valley Estates Services	Silver

Environment Management

The Company is committed to sustainable use of natural resources and prevention of environmental damage through effective management of the risks associated with its operations, products, and services, particularly focusing on the following:

1. **Land Use and Biodiversity**

   The Company operations are carried out on approximately 54 000 hectares of land, with a diversity of plant and animal life. In recognition of the underlying negative impact that the operations might have on environmental biodiversity and preservation of the natural ecosystems, the Company put in place offset conservation areas, occupying nearly 48% of the total land area. The balance of the land is used for cultivation, water storage dams, section roads, canals, and development for industrial and other purposes. All these land use activities are properly managed under the direction of the Environmental Management System.

To minimise human/wildlife conflicts, the Company continually maintains the game-park boundary fence and in addition, crop guards are strategically positioned to ward-off wild animals before they get into the planted areas. As part of its preventive measures to poaching, the Company has an anti-poaching unit that patrols the game park, in addition to strategic partnerships with local communities to jointly manage this key resource. To monitor the effectiveness of the anti-poaching activities and ensure sustainable game hunting, the Company conducts annual game counts in partnership with the Zimbabwe National Parks, between September and November each year. The following table shows results of the game counts.

Total wildlife population in Mteri game area

SPECIES	TOTAL 2018	TOTAL 2017
Buffalo	450	500+
Zebra	45	82
Giraffe	16	18
Impala	76	290
Eland	8	6
Kudu	12	5
Bushbuck	8	7
Common duiker	7	3
Baboons	2,000	200+
Warthog	12	10
Steenbok	0	1
Hippopotamus	120+	16
Crocodile	40+	17

In the 2018/19 financial year, the organisation used about 33 tons of firewood for industrial purposes (start-up of mill boilers) and about 517 tons for domestic use. To ensure sustainability of the local forestry plantations and the natural veld, a total of 1 400 indigenous trees and 8 008 exotic trees were distributed for planting within the Estate and its surrounding communities.

Pictures showing 2018 Tree Planting Day activities in Chivaraidze Village

2. **Liquid Petroleum Gas Stoves**

   As a way of conserving the natural resources, the company has embarked on a project of issuing employees with Liquid Petroleum Gas stoves which will gradually replace firewood as a source of domestic energy. As at 31 March 2019, more than 1 500 stoves had been distributed to employees for this purpose.

3. **Water Management**

   Water is a critical resource for Hippo Valley Estates' sugarcane and sugar production activities. To ensure efficient utilisation and effective management of water, the Company closely monitors water consumption and promotes water conservation irrigation methods. Annual irrigation canal maintenance is consistently carried out to minimise water losses during conveyance. Water conservation awareness campaigns are also conducted to raise awareness among employees and key stakeholders.

4. **Effluent Management**

   The effluent produced from the Company's sugar production processes, if disposed into the natural rivers, may affect aquatic life. To prevent this from happening, the Company uses a significant proportion of the effluent for irrigation purposes. In addition, effluent drains are maintained regularly to ensure that any effluent that is not used for irrigation is channelled to special effluent ponds to prevent it from flowing into rivers.

5. **Certification to NQA ISO 14001:2015**

   The Company managed to get certified to the revised ISO 14001:2015 in July 2018 which expires after 3 years from the date of certification.

6. **Legal Compliance Issues**

   The company maintained all its Environmental Licences and did not suffer any penalties or fines from the Environmental Management Agency or any other relevant regulator for any violations during the year under review.

7. **Solid Waste**

   The Company's operations produce both hazardous and non-hazardous waste. Hazardous waste is disposed of in lined waste disposal cells while non-hazardous waste is disposed of in fenced and managed domestic waste landfill sites. The Company aims at reducing the total amount of waste that is disposed at the landfill sites through various waste recycling and/or re-use initiatives. In line with these initiatives, 606.6 tons of waste (recyclable metal, paper, plastics, wood pallets, tyres and empty printer cartridges) were either sold or given to recycling companies during the year. A total of 6 222 tons of boiler ash was put in a disused gravel pits as part of the Company's rehabilitation measures. A total of 34.7 tons of used oil was also sold to recycling companies during the year. This brought the total of re-used/recycled waste to 6 863.2 tons, out of a total of 7 823 tons generated during the year, giving a recycling rate of 87.7%.

National Clean-up Day Events

In December 2018, the government of Zimbabwe declared the first Friday of every month to be a national clean-up day. Since then, Hippo Valley Estates has been conducting clean-ups at company level and has also participated in district organised clean-up activities every first Friday of each month.

National Clean-up Day events in Pictures

At Dulys Market - Triangle

Mabanana Markets - Chiredzi

Hippo Section 5

Mill Boiler Shop

8. Atmospheric Emissions

The Company monitors emissions from its boilers, incinerators, and fixed generators to minimise pollution from these sources and to ensure compliance with legal requirements. The Company has 4 boiler chimneys, 1 incinerator and 3 fixed generators which are all licenced in terms of the Environmental Management Act of 2002. Of these 8 permitted points, in 2018, 4 were in the Blue (environmentally safe) band, 3 were in the Green (low environmental hazard) band while one was in the yellow (medium environmental hazard) band. The Company will continue to monitor the emissions to ensure that the emission levels do not migrate to the red (high environmental hazard) band.

PROMOTING SUSTAINABLE AGRICULTURE

In the 2018/19 season private farmers delivered 1 067 112 tonnes of cane to the mills with an average yield of 68t/ha. In the plan period to 2022/23, a total of 2.032 million tonnes cane per annum is expected to be delivered by approximately 1 070 Private Farmers on 20 337 hectares at a yield of 100 tch through various interventions initiated by the Company resulting in both vertical and horizontal production expansion. In this regard 4 000 ha of new land is being developed under Project Kilimanjaro.

HUMAN CAPITAL

Headcount

At the end of March 2019 the Company had a total workforce of 6 749 (2018: 6 707) employees as shown in the table below.

Employee class	March 2019	March 2018
Permanent	4 097	4 148
Contract	2 613	1 440
Trainees	39	19
Total	**6 749**	**6 707**

The average number of contract workers was higher than the March 2019 number during the peak harvesting period months of September to November 2018 as follows:-

September 2018	-	3 630
October 2018	-	3 510
November 2018	-	3 718

The numbers increased in November compared to September and October due to increased harvesting activities towards end of the harvesting and milling season.

The company continues to be gender sensitive and currently has 7 female employees at senior managerial levels.

The company has continued to retain key skills in the technical, professional and managerial levels as show in the table below.

Category	Number of employees	Average Age
Graduates and diplomats	186	45
Artisans	88	45

Performance Management

The company continues to apply a formalised performance management and succession process for managing talent. The performance management system is key in human capital development programmes and assists in training needs identification, strategic role assignments and secondments as part of talent development. The Company is also using the Performance Management for Graduate Learner and Trainee Section Manager structured training programmes.

Training and Development

Hippo Valley Estates has interventions to manage succession and retention for critical roles which are informed through a skills gap analysis. The Company has Graduate Learnership, Trainee Section Manager and Apprenticeship training programmes with a total of 48 participants.

To strengthen the middle management talent pool and "B" teams in all disciplines, 10 Graduate Learners, 5 of whom are female, commenced a two year learnership programme in January 2019 in seven disciplines namely, Engineering, Agriculture, Finance, Human Resources, Safety, Strategic Sourcing and Transport and Logistics. The learners went through an intensive onboarding three week programme before commencing leanership. Below is a picture of the learners during the onboarding process.

Trainee Section Managers undergoing induction

9 Trainee Section Managers, 4 of whom are female are due to commence a two year internship in the Agriculture Division starting in April 2019. These will provide a talent pool of Agriculture Section Managers.

The Company has 29 Apprentices, 5 of whom are female and these are in various stages of their apprenticeship training. These will provide a talent pool of artisans after completion of their apprenticeship.

Apprentices taking practical lessons in the workshop

Human Rights
The company continues to apply its policies that prohibit child labour and forced labour.

Labour Legislation
The company continues to apply provisions of the Labour Act (Chapter 28:01) as well as provisions of the Principal Collective Bargaining Agreement for the Sugar Milling Industry (SI 176 of 1997).

Freedom of Association and Collective Bargaining
The company allows employees freedom of choice to belong to any of the following four unions in the industry:

- Zimbabwe Sugar Milling Industry Workers Union (ZISMIWU),
- Sugar Production and Milling Workers Union (SPMUZ),
- Sugar Milling and Allied Workers Union (SMAWUZ) and
- Zimbabwe Hotel and Catering Workers Union (ZHCWU).

The Company implemented an arbitration award of 4.83% for all bargaining level employees for the period 1 April 2018 through to 31 March 2019. However, due to the inflationary pressures in the Zimbabwean economy, the Company continues to grant a discretionary hardship allowance to cushion employees.

Industrial Relations
The company continues to use the worker leadership structures in place as well as engaging the unions through the National Employment Forum. This has yielded a positive industrial relations atmosphere over the last 12 months and this is expected to continue into the new year.

HEALTH MANAGEMENT

The Company's thrust on sustainability requires the management of employees' health as part of several key business risks, aimed at reducing incidents of absenteeism, increased production costs and reduced productivity, with positive consequences on the livelihood of the surrounding communities.

Medical Centre

The Company operates a Medical Centre that caters mainly for its employees and their dependants but also services the surrounding community which includes the private farmers in the vicinity.

Key Stats for the Medical Centre during 2018/19:-

- Outpatients attendances - 87 534
- Number of admissions - 395
- Operations conducted - 2 236
- Deliveries conducted - 368

Patients waiting to be seen at the Medical Centre

Wellness
In 2017 Hippo Valley Estates became the first Zimbabwean Company to implement SANS 16001:2013 as part of its strategic response to dealing with wellness issues that affect its employees. Since then the wellness programme has added positively to the enrichment of the lives of employees and the community. This has been recognised locally and internationally with the

Company being the recipient of multiple awards. The health staff has also been key in the development of a Zimbabwean Wellness standard that will be rolled out to local companies in the near future by the Standards Association of Zimbabwe.

The Wellness programme has been a model Private Public Partnership arrangement with many role players contributing to the success of the programme. These include the National Aids Council (NAC), Blood transfusion, Nyaradzo Group, Econet, First Mutual, among others.

Malaria cases managed at HVE	2018/19	2017/18	2016/17
Malaria Slide Positive Cases - Permanent Employees	**370**	503	137
Malaria Slide Positive Cases - Contract Employees	**594**	629	78
Malaria Slide Positive Cases - Dependants	**727**	885	222
Malaria Slide Positive Cases - Others	**268**	335	101
Malaria Slide Positive Cases - TOTAL	**1 959**	**2 352**	**538**

Manager training session on Wellness at HVCC sponsored by NAC

In recognition of the threat posed by HIV/AIDS, the Company has prioritized the management of the disease and committed to the WHO targets 90:90:90. This has resulted in aggressive HIV/AIDS awareness, testing and care campaigns with:-

- over 86% of employees knowing their status in 2018-19.
- 100% of those found positive are on ARVs and are closely monitored by the health staff.
- over 85% have achieved viral suppression.

As part of the drive to reduce HIV transmission and tackle the risk of Cervix cancer, voluntary male medical circumcision is being promoted by the Company. There has been an increase in community acceptance of the procedure as a means of HIV prevention. Since introduction of the programme 1 986 procedures had been performed as at 31 March 2019.

Public Health

Malaria is endemic in the Lowveld posing one of the biggest public health problems for the Company. The high temperatures make it an ideal breeding environment for the malaria vector mosquitoes. That coupled with inadequate comprehensive malaria control programs in areas surrounding the estate worsens the burden of the disease.

The Company continues to offer a comprehensive control malaria programme including drug prophylaxis, larviciding and Indoor Residual Spraying (IRS) to employees and private model farmers.

In 2018, the Company received Insecticide Treated bed nets from the National Malaria Control Programme (NMCP) and 11 800 of these nets were distributed to employees and the community.

Malaria Awareness campaign

Occupational Health Risk Management

The Company's operations carry a significant number of hazards such as noise, dust and chemicals which may adversely impact on employees. To manage this risk, the Company has come up with a number of interventions aimed at eliminating these hazards. These measures are complimented by medical surveillance programs which form a critical element of health risk management. Over 14 000 occupational health medical check ups were performed in 2018-19.

Woman's Health

Cervical cancer (Ca cervix) is the leading cause of cancer death among Zimbabwean women. It accounts for one-third of all cancer cases in Zimbabwe and its incidence has increased when associated with HIV infection.

Fortunately it is preventable through administration of Human Papilloma Virus (HPV) Vaccine to young girls and often curable when identified in its early stages through screening of healthy women.

At Hippo Valley Estates the HPV vaccine, provided by the Ministry of Health, was administered to 10 – 14 year old girls in the community including all schools in the estate. Awareness training was conducted throughout the estate.

Furthermore, cancer screening was provided to female employees and the community.

Ladies Health Day With Awareness training on Ca Cervix and HPV vaccine

Social Services
The company continues to prioritize employee welfare through provision of the following:-

- Subsidized education at 9 schools on the Estate (9 primary and 1 High School), with a combined enrolment of 5 476 pupils with 397 teachers.
- Hippo High School continues to produce good results at Advanced level over the years and below are some key statistics:

  - 2017 : 54 students out of 134 scored 10 points and above with a pass rate of 91.08%
  - 2018: 45 students out of 125 scored 10 points and above with a pass rate of 88.90%

At Ordinary level, the school achieved a 69.40% pass rate in 2018 against a national average of around 42%.

- Cost effective health care through the Company's Medical Centre and its satellite clinics manned by 6 physicians. Employee wellness programmes that include after work sports are being promoted.

- Domestic energy through use of LP Gas where electricity is not provided as part of sustainability measures. The programme to migrate from use of firewood and gel to LP gas was completed in June 2019 and over 5 000 general staff employees benefited.

Sporting Activities
During the year the Company organized and coordinated the community for involvement in appropriate Sports and Recreational activities on the Estate with the view to develop and to identify talent in sports for future sustainability and self-reliance. The Company encourages employees to participate in sporting activities as means to recreation throughout the Estate.

Swimming team

Swimming Team completing at Province and National Championships and National Medalists

U20 Soccer Team

Women's Volleyball Team

ENTERPRISE DEVELOPMENT

The Company continued with its Enterprise Development programmes that support the sustainable economic empowerment of local communities. Together with the local communities, viable projects continued to be supported through capacity building support, access to competitive funding through linkages with financial institutions, preferential procurement contracts and product off-take support. Various types of Public-Private and Community Partnerships (PPCPs) with key development partners and local communities/entrepreneurs also continued to be supported. Below are some of the major projects in implementation.

Sorghum Outgrower Project

The project has been running for the last 4 years with an average of 1 200 small holder farmers in the surrounding communal areas being provided with fully recoverable sorghum input support worth an average of RTGS$70 000 per year. Since inception the small holder sorghum farmers have grossed more than RTGS$1.2m in sorghum sales revenue, part of which has been invested in other income generating projects like irrigation schemes and the construction of community based projects in health and education. The sorghum is used in the manufacture of stock feed which finds its way in the livestock beneficiation value chain in which the local farmers also participate.

Sorghum Field Day at Nyahombe, Chivi District, May 2019

Domestic Sugar Haulage

The 13 domestic sugar transporters that were capacitated to purchase more than 115 haulage trucks through concessionary loans from the banks negotiated by the Company under the back of 5 year supply contracts continued to perform well. During the 2018/19 they collectively moved a total of 390 000tons of sugar to various destinations across the country, grossing over RTGS$18m in gross revenue. This initiative continues to support in excess of 400 direct jobs within the transport industry in Chiredzi.

Liquid Petroleum Gas (LPG)

The Company initiated investment by local entrepreneurs in LPG handling facilities is paying dividends as both employees of the Company and the local community now have access to more efficient, cleaner and cost effective domestic energy compared to the use of firewood. On a monthly basis approximately 90tons of LPG is being sold within Chiredzi saving 2 500 tons worth of firewood per month thus contributing significantly to conservation efforts.

LP Gas outlets

Livestock Project

Two of the three community livestock centres that the company facilitated in setting up are operating viably, having handled more than 500 head of cattle during the year. A further 30 heifers were exchanged between breeders and the small scale communal farmers as part of the process to improve the genetics of local livestock. Once fully operational, the Livestock Centres have a potential to handle more than 1 200 cattle per year generating gross livestock sales revenue of approximately RTGS$1,7 million per annum.

Chilonga Feedlot

Support for Women Projects

Vavasati Ventures, a consortium of 8 local women who were facilitated by the Company to access concessionary loan funding from banks on the back of a supply contract has managed to continue operating notwithstanding the harsh economic environment. The Company has an installed capacity of 25 000 work suits per year and during 2018/19, it produced 13 000 work suits valued at approximately RTGS$385 000 and at peak employed an average of 42 employees of which 80% were female. It injected approximately RTGS$110 000 per year into the Chiredzi Town's economy through employment benefits to its employees.

Vavasati Ventures PPE Production line

Local Capacity Building Initiatives

The Company is assisting up-coming local business people by facilitating access to:- critical management and financial skills; competitive financing facilities with local financial institutions as well creating competitive markets for their products.

CORPORATE AFFAIRS AND COMMUNICATIONS SUSTAINABILITY REPORT

The Company has made good progress in implementing a strong Socio-Economic Development (SED) programme mainly anchored firstly in the Millennium Development Goals (MDGs) and later Sustainable Development Goals (SDGs). Critical to this agenda is the empowerment of women and youth, health development, food security at household level, infrastructure development and education, arts and sports development amongst others. Below is an outline of activities that the Company undertook in 2018/19.

Lapachi Irrigation

This Public Private Community Partnership Project with Government of Zimbabwe (through Ministry of Agriculture, Mechanisation, and Irrigation Development) to resuscitate a defunct irrigation scheme is key in addressing food security issues at household level in Mwenezi District. The project is expected to benefit about 80 families grossing some RTGS$115 200 per annum. The total project value is RTGS$163 119.

Livestock Programmes

The Company's Livestock Programmes were focused on capacity building. The programmes were around Chivi and Mwenezi areas. Two auctions (cattle sales) were held at Madzivire Cattle Feedlot as well as an on-going cattle feeding programme with Sabi Meats. Chilonga cattle feedlot benefited from training programmes initiated in partnership with Rescue International and Oxfam Zimbabwe.

Exhibitions

The Company participated in four exhibitions mainly The Zimbabwe Agricultural Shows – Harare Show, Lowveld Show, Masvingo Provincial Show as well as the Zimbabwe International Trade Fair (ZITF). The exhibitions showcased various Company products as well as providing business transforming networks. The Company managed to scoop prizes in all displays winning first prize in Agro-Processing Category for three Zimbabwe Agricultural Shows as well as runners up prize in food processing at ZITF.

Gudo Clinic

The clinic in Gudo was completed and handed over to the Chiredzi Rural District Council and Gudo Community on 22 May 2018. The total value of the clinic is some RTGS$185 000 including 4 staff houses and a clinic on completion. The Company contributed a total of RTGS$43 000 while the community provided materials worth RTGS$8 000 and the Chiredzi Rural District Council provided materials worth RTGS$30 000 and some labour. Plans are underway to build a women's waiting shelter (maternity).

Cholera Interventions

Following a threatening Cholera Outbreak, the Company set aside some RTGS$40 000 for use in the prevention of cholera in villages and schools. A programme was implemented to ensure good hygiene and sanitation in the villages. As part of this initiative, frequent clean up campaigns were held as well as awareness campaigns. Externally, some RTGS$3 000 were channelled towards clean up campaigns in Chiredzi District and Mwenezi District. Three such campaigns were held (two in Chiredzi and one in Mwenezi) in partnership with local Government as well as local communities. An aggressive monitoring protocol for Cholera was put in place through the Company's Health Departments working jointly with the Chiredzi District Medical Officer and Civil Protection Unit.

UNDP SDG Award

Tongaat Hulett was a recipient of the UNDP SDG award at the ZNCC conference in 2017 following which UNDP set aside a RTGS$10 000 grant for Quarter 3 2018 for a joint SDG activity with Tongaat Hulett in the areas of emissions waste management; energy efficiency; renewable energy.

Corporate Awards and Recognition

- CSR Provincial and National Award 2018

  The Corporate Social Responsibility Network Zimbabwe (CSRNZ) identified Tongaat Hulett Zimbabwe as Zimbabwe's Top Sustainable Company of the year 2018. The Zimbabwe National CSR Award presentation event was held on 15 November 2018 ZNCC Enterprise Development Provincial Award 2018.

- Zimbabwe National Chamber of Commerce (ZNCC) Enterprise Development Provincial Award 2018

  Tongaat Hulett was identified by the ZNCC as having the best Enterprise Development Project in Masvingo and Mutare Provinces. The Award was presented at the ZNCC Provincial Conference held at Golden Peacock in Mutare in August.

Overnight storage dam construction

Directors' responsibilities in relation to financial statements

In terms of the Companies Act (Chapter 24:03), the Directors are responsible for ensuring that the Group keeps adequate accounting records and prepares financial statements that fairly present the financial position, results of operations and cash flows of the Group and that these are in accordance with International Financial Reporting Standards (IFRS). In preparing the accompanying financial statements, the Directors have complied with all the requirements of IFRS (with the exception of IAS 21: The Effects of Changes in Foreign Currency Rates), the Companies Act (Chapter 24:03) and the relevant statutory instruments SI 33/19 and SI 62/96. The financial statements are the responsibility of the Directors and it is the responsibility of the Independent Auditors to express an opinion on them, based on their audit.

In preparing the financial statements, the Group has used appropriate accounting policies consistently supported by reasonable and prudent judgements and estimates and has complied with all applicable accounting standards with the exception of IAS 21: The Effects of Changes in Foreign Currency Rates, in relation to the change in functional currency from the US$ to the RTGS$ as detailed in Accounting Policy note 1.1. The Directors are of the opinion that the financial statements fairly present the financial position and the financial performance of the Group and Company as at 31 March 2019.

The Board is committed to providing timeous, relevant and meaningful reporting to all stakeholders. The reporting is provided in a format most relevant to the respective stakeholders and the nature of the information being reported.

Board of Directors

The Group has a unitary Board that comprises executive, non-executive and independent non-executive Directors. All the Directors bring to the Board a wide range of expertise as well as significant professional and commercial experience and in the case of independent non-executive Directors, independent perspectives and judgement.

The Board meets under the chairmanship of a non-executive Director, on a quarterly basis, to consider the results for the period, issues of strategic direction on policy, major acquisitions and disposals, approval of major capital expenditure and other matters having a material effect on the Group. A complete listing of matters reserved for decision by the Board has been agreed and is reviewed on a regular basis.

All Directors with the exception of the Chief Executive Officer are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Company's Articles of Association. Appointment of new Directors is approved by the Board as a whole. All Directors have access to the advice and services of the Company Secretary.

Remuneration policy

The Board has not established a Remuneration Committee. However, the Board's policy on remuneration is outlined below.

In terms of its remuneration policy, the Group seeks to provide rewards and incentives for the remuneration of Directors performing executive duties, senior executives and employees that reflect performance aligned to the objectives of the Group.

The Directors are appointed to the Board to bring appropriate management, direction, skills and experience to the Group. They are, accordingly, remunerated on terms commensurate with market rates that recognise their responsibilities to shareholders for the performance of the Group. These rates are reviewed annually utilising independent consultants.

Audit Committee

The Audit Committee is comprised of two independent non-executive Directors, including its Chairman and one non-executive Director. It is responsible for monitoring the adequacy of the Group's internal controls and reporting, including reviewing the audit plans of the Internal and External Auditors, ascertaining the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls, and ensuring that interim and year end financial reporting meet acceptable accounting standards. The Internal Audit function has been outsourced.

In addition to the executives and managers responsible for finance, the Internal and External Auditors attend meetings of the Audit Committee. The Committee meets at least four times a year. The Internal and External Auditors have unrestricted access to the Chairman of the Committee.

To enable the Directors to discharge their responsibilities, management sets standards and implements systems of internal control aimed at reducing the risk of error or loss in a cost-effective manner. On behalf of the Board, the Group's Internal Auditors independently appraise the Group's internal control systems and report their findings to the Audit Committee. The Audit Committee accounts to and makes recommendations to the Board for its activities and responsibilities.

Employment policy

The Group is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels, regardless of their background, race or gender.

The Group's employment policy emphasizes opportunity for all and seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their job and is embraced by participative programmes designed to achieve appropriate communication and sharing of information between employer and employee.

These policies include appropriate training, recruitment targets and development programmes.

Safety and sustainable development

The Group strives to create wealth and to contribute to sustainable development by operating its business with due regard to economic, social, cultural and environmental issues. Safety and health issues are of special concern. The Group is providing anti-retroviral therapy to employees living with HIV/AIDS.

The Group is committed to addressing and impacting, in a systematic, comprehensive and professional manner, on environmental risks through developing effective management systems and employing the critical principles of forward planning, efficiency and wise resource utilisation.

Code of corporate practices and conduct

The Group is committed to promoting the highest standards of ethical behavior amongst all its employees. All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which, in all reasonable circumstances, is above reproach. Furthermore, all non-bargaining employees are required to sign the Group's Code of Ethics in addition to making a business declaration of interest on an annual basis. All employees are aware of the Fraud Hotline system subscribed to by the Group.

In line with the Zimbabwe Stock Exchange Listing Requirements, the Group operates a "closed period" prior to the publication of year end financial results during which period Directors, officers and employees of the Group may not deal in the shares of the Company. Where appropriate, this is also extended to include other "sensitive" periods.

Risk management and internal control

Effective management of risk is key to the Group's success. As the Board and management accept that they are responsible for internal control, a strong emphasis has been placed on identifying and appropriately managing key risks that threaten the achievement of Group objectives. Although this system is considered robust, it can only provide reasonable, but not absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board.

An internal control system to manage significant risks has been established by the Board. This system, which is designed to manage rather than eliminate risk, includes risk management policies and operating guidelines on the identification, evaluation, management, monitoring and reporting of significant risks. The Board reviews all significant Group risks on a quarterly basis, including an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness. The Board makes an annual overview of the effectiveness of risk management.

Statement of Directors' Responsibility for Financial Reporting

The Directors of the Group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The Group's independent auditors, Deloitte & Touche, have audited the financial statements and their report appears on pages 24 to 34. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) (with the exception of IAS 21: The Effects of Changes in Foreign Currency Rates), the provisions of the Zimbabwe Companies Act (Chapter 24.03) and the relevant statutory instruments (SI 33/19 and SI 62/96).

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the consolidated financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. There was no material break down in the functioning of these control procedures and systems identified during the year under review, except for those which may have resulted in the restatements in note 30.

The annual consolidated and separate financial statements are prepared on the going concern basis. The Directors have reviewed the budgets and cash flow forecasts for the year to 31 March 2020 and in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

In light of the non-compliance with IAS 21: The effects of Changes in Foreign Currency Rates, as detailed in accounting policy note 2 and the completed financial review at the Holding Company as detailed in note 30 of the financial statements, the Directors and management urge users of the financial statements to exercise due caution. The respective notes mentioned above seek to provide users with more information given the context and the aforementioned guidance.

The consolidated and separate financial statements set out on pages 35 to 118 were approved by the Board of Directors on 13 December 2019 and signed on its behalf by:

D L Marokane
Chairman

A Mhere
Chief Executive Officer

13 December 2019

Preparer of financial statements

The Group and Company financial statements have been prepared under the supervision of O H Manasah, CA (Z).

O H Manasah
Registered Public Accountant number 3784

The Directors have pleasure in submitting their report and the financial statements of the Group for the year ended 31 March 2019. The Group's Independent Auditors, Deloitte & Touche, have audited the financial statements and their report appears on pages 24 to 34.

Share capital and reserves

During the year there was no change in the authorised and issued share capital of the Company. At 31 March 2019 the number of authorised shares amounted to 200 million ordinary shares of which 193 020 564 were in issue.

The movement in the non-distributable reserve of the Group is as follows:

	31.03.19 RTGS$'000	31.03.18 RTGS$'000 Restated
Balance at the beginning of the year	50 406	50 224
Exchange gain on translation of equity in foreign associated company net of tax	3 105	182
Balance at the end of the year	**53 511**	**50 406**

Group profit or loss account for the year ended 31 March 2019

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000 Restated
Profit before tax	108 491	7 403
Income tax expense	(34 715)	(1 941)
Profit for the year	**73 776**	**5 462**
Retained earnings brought forward	48 567	43 256
Dividend No. 46 of 2RTGS cents per share	(3 860)	-
Actuarial loss on post retirement provision	(2 526)	(151)
Retained earnings carried forward	**115 957**	**48 567**

Dividend

Due to the persistent economic volatilities and the resultant price distortions, combined with the currency changes introduced in February 2019, the Directors have decided not to declare a dividend for the year ended 31 March 2019.

Directorate

1. Messrs M H Munro, P H Staude, S L Slabbert and S D Mtsambiwa resigned from the Board during the year.

2. Mr. A Mhere was appointed to the Board on 1 December 2019 while Messrs J G Hudson (resigned on 27.08.19) and R D Aitken were appointed on 1 February 2019. In terms of the Articles of Association, Messrs A Mhere, S Harvey and R D Aitken retire from the Board at the next Annual General Meeting and being eligible, offer themselves for re-election.

3. Messrs J P Maposa, L R Bruce and D L Marokane retire by rotation in terms of article 100 of the Articles of Association, and who, being eligible, offer themselves for re-election.

Directors' fees

At the Annual General Meeting held on 26 September 2018, the members approved the payment of Directors' fees for the year ended 31 March 2019 amounting to RTGS$12 348 per non-executive director and RTGS$24 696 for the Chairman.

Independent Auditors

The Independent Auditors, Messrs Deloitte & Touche, have notified their willingness to continue in office and a resolution for the purpose of fixing their remuneration for the past audit and re-appointing them until the conclusion of the next Annual General Meeting, will be submitted to members at the forthcoming Annual General Meeting.

Preparer of financial statements

The Group and Company financial statements have been prepared under the supervision of O H Manasah (Registered Public Accountant number 3784) and have been audited in terms of section 29(1) of the Companies Act (Chapter 24:03).

Approval of financial statements

The Group and Company financial statements for the year ended 31 March 2019 set out on pages 35 to 118 were approved by the Board of Directors on 13 December 2019 and signed on its behalf by Messrs D L Marokane and A Mhere.

Directors' note on going concern

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going-concern basis in preparing the financial statements (refer also to note 27).

B Shava
Company Secretary
Chiredzi

13 December 2019

Statistical Summary

The following statistical summary reflects the Group's performance during the season in comparison with the figures for the previous season:

	2018/19	2017/18
Total sugar production for the season (tons)	238 965	197 217
Molasses production (tons)	64 390	51 024
Average pol - all sugars (%)	99.44	99.43
Sugar cane		
Area planted at year end (hectares)		
Hippo Valley Estates Limited	10 941	12 708
Farmers	10 907	10 023
	21 848	**22 731**
Area cut for milling during the year (hectares)		
Hippo Valley Estates Limited	9 806	11 222
Farmers	11 045	9 345
	20 851	**20 567**
Sugar cane harvested for milling (tons)		
Hippo Valley Estates Limited	1 068 164	875 305
Farmers	730 039	659 100
Diversions (Greenfuel and Triangle)	63 829	-
Total cane milled at Hippo Valley Estates Limited	**1 862 032**	**1 534 405**
Yield per hectare of Hippo Valley Estates Limited cane milled (tons)	108.93	78.00
Mill performance		
Season started	08/05/18	30/05/17
Season completed	29/12/18	16/12/17
Number of crushing days	235	200
Throughput –tons cane per hour	419.22	336.14
Extraction (%)	96.49	97.06
Boiling house recovery (%)	90.48	90.85
Overall recovery (%)	87.30	88.18

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Adverse Opinion

We have audited the accompanying consolidated and separate financial statements of Hippo Valley Estates Limited (the "Company") and its subsidiaries (together, the "Group") as set out on pages 35 to 118 which comprise the consolidated and separate statements of financial position as at 31 March 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the consolidated and separate financial statements do not present fairly, the consolidated and separate financial position of the Group and Company as at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of Zimbabwe (Chapter 24:03), and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96.

Basis for adverse opinion

International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" considerations

As detailed in note 2, the Group and Company transacted using a combination of United States Dollars ("USD"), bond notes and bond coins. An acute shortage of USD cash and other foreign currencies in the country resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement ("RTGS") system and mobile money platforms. During the year, there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, and RTGS Foreign Currency Accounts ("FCA") in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled.

As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by IAS 21 "The Effects of Changes in Foreign Exchange Rates."

As a result of these factors, the directors performed an assessment of the functional currency of the Group and Company in accordance with IAS 21 and determined that the functional currency of the Group and Company is no longer USD.

On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency. The rate post 22 February 2019, on the official interbank market, commenced at 1US$:2.5 RTGS$.

The directors used the 22 February 2019 date to effect the change in functional currency. Because the Group and Company transacted using a combination of USD, bond notes and coins, RTGS, and system and mobile money platforms during the period from 1 October 2018 to 22 February 2019, the decision to change the functional currency on 22 February 2019 in line with SI 33/19 results in material misstatement to the financial performance and cash flows of the Group and Company, as transactions denominated in USD were not appropriately translated during that period.

Had the Group and Company applied the requirements of IAS 21, many of the elements of the accompanying consolidated and separate financial statements would have been materially impacted and, therefore, the departure from the requirements of IAS 21 is considered to be pervasive. The financial effects on the consolidated and separate financial statements of this departure have not been determined.

Material uncertainty related to going concern

We draw attention to the going concern note (note 27) in the financial statements, which gives detail regarding the derecognition of the land and land improvements as disclosed in note 4.3 as well as the fact that the milling license expired in prior years. The Company has applied for 99 year leases from the Zimbabwe Government for the agricultural land under their use which is still to be formalised and finalised and also lodged an application for the renewal of the Company's milling license.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements. These matters were addressed in the context of our audit of the consolidated and separate 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 Material uncertainty related to going concern 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
1. Valuation of biological assets – Standing Cane in terms of IAS 41: Agriculture (Separate and Consolidated)	
The value of growing crops in the financial statements is quantitatively and qualitatively material to users as it converts to cash in a relatively short time-frame.	In evaluating the fair value of standing cane, we inspected the valuations performed by management, with a particular focus on key estimates and the assumptions underlying those estimates, as noted below.

Key Audit Matter	How the matter was addressed in the audit
1. Valuation of biological assets – Standing Cane in terms of IAS 41: Agriculture (Separate and Consolidated) (cont'd)	
Management's valuation process, governed by IAS 41: Agriculture, contains multiple significant assumptions involving judgment, each of which could have a material impact on the reported fair value of growing crops. Judgement by management is required in estimating the expected cane yield, the estimated sucrose content, and the forecast realisable sugar ("RV") price in the various markets that the Group operates in. Hectares under cane used in the underlying valuation models for growing cane not harvested and the number of months growth of that standing cane at year-end, are also subject to estimation error. The fair value of the growing crop is calculated via a complex, manual computation which further increased the audit risk associated with the balance. Due to the significance of the balance to the financial statements as a whole, combined with the significant assumptions associated with determining the carrying value and the prior period errors identified in this account balance, as set out in note 1, we considered the valuation of growing crops to be a Key Audit Matter.	Our procedures included, but were not limited to the following: • We performed sensitivity analyses on the valuation of standing cane, to evaluate the extent of impact on the fair value of the estimated cane yield, and estimated sucrose content. • We performed a sensitivity analysis on the sucrose price by assessing the impact of expected price changes in the coming period (both lower and upper ranges) on the valuation of the standing cane. • We compared the estimates of future sucrose prices made by the management in determining the value of standing cane, with the subsequently realised sucrose prices on the various markets. • We evaluated the valuation criteria used by the management against the requirements of IAS 41 "Agriculture". • We assessed the appropriate design and implementation and tested the operating effectiveness of monitoring controls and relevant controls with respect to the process of determining fair values for the biological assets. Controls tested included the review of cane haulage reports containing yield estimates, manager review of cane yields variance analysis reports and manager review of biological assets work sheet to assess reasonability of inputs. • We substantively tested all key data inputs underpinning the carrying value of standing cane, including the number of hectares under cane, estimated cane yields, estimated sucrose content, estimated sucrose prices, costs for harvesting, transport and over the weighbridge costs, by inspecting appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. Documentation inspected included the NEC reports detailing employee wages for harvesting costs, field reports for actual yields, ZINWA dam level forecasts for 2019/20 season and haulage invoices for transport costs. • We assessed the appropriateness of the disclosures in note 6 against the results of the audit procedures, in particular the estimated yield and sucrose price for standing cane. • We performed retrospective reviews by comparing actual results in the current year against previous forecasts made by management to assess the reliability of management's forecasts used in the valuation of standing cane

Key Audit Matter	How the matter was addressed in the audit

2. Capitalisation of overheads to cane roots in accordance with IAS 16: Property, Plant & Equipment (Separate and Consolidated)

In terms of IFRS, the Group is required to recognise its cane roots at cost (as a bearer plant) in terms of IAS 41 "Biological Assets" and IAS 16 "Property, Plant and Equipment".

As detailed in note 4, the carrying value of cane roots amounted to ZW$41,5 million (2018 restated ZW$47 million, 2017 restated ZW$36 million). Cane root costs are determined based on the historical cost of planting and establishment, which is depreciated over the estimated expected life of the cane roots. The historical cost is determined with reference to actual historical labour costs, agricultural costs and outsourced costs related to planting and establishment. The useful life of the cane roots was estimated based on the critical judgments made by the management.

The management has made certain assumptions and judgements about the nature and allocation of costs to be included in determining the establishment costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Due to the significance of the balance to the financial statements as a whole, combined with the significant judgements outlined above, and the resulting prior period errors identified per note 30.3, the appropriate accounting treatment for overheads capitalised to cane roots is considered to be a key audit matter.

In evaluating the cost of cane roots, we reviewed the details of costs allocated to cane roots, as prepared management, with a particular focus on key estimates and the assumptions underlying those estimates, as noted below.

Our procedures included, but were not limited to the following:

- Utilising our accounting specialists, we concluded on the appropriate application of the recognition criteria for cane root costs used by management against the requirements of IAS 16 "Property, Plant and Equipment".
- We assessed the appropriate design and implementation and tested the operating effectiveness of monitoring and relevant controls with respect to the process of determining the cost of cane roots. Controls tested included the manager review of cane roots work sheet to assess reasonability of inputs.
- We evaluated key data inputs applied in the establishment of the cost of cane roots by management such as land preparation, labour, seed cane, agrochemicals, irrigation and electricity against the requirements of IAS 16 "Property, Plant and Equipment."
- We tested the validity of costs allocated to cane roots in the current year through inspection of supporting documentation such as wages reports, invoices from land preparation etc.
- We tested the costing principles used in determining a standard cost per hectare for roots planted in the current year.
- We assessed and challenged the reasonableness of management's assessment of the estimated expected life of the cane roots, by analysing the weather pattern and availability of irrigation water (this has a significant bearing on the life of the roots). We analysed the useful life determined by management against expected useful lives of cane in other farming regions as well as those stipulated by the Tongaat Hulett Limited Group based on historical information, in order to validate the estimated useful life of the cane roots.
- Using our accounting specialists we assessed management's technical judgements applied in ascertaining whether the change in the basis of allocation of capitalised overheads was a prior period error in accordance with IAS 8 "Change in Accounting Policies, Change in Estimates and Errors".

Key Audit Matter	How the matter was addressed in the audit

2. Capitalisation of overheads to cane roots in accordance with IAS 16: Property, Plant & Equipment (Separate and Consolidated) (cont'd)

- We assessed the appropriateness of the disclosures in note 30.3 against the results of the audit procedures, and the requirements of IAS 16 "Property, Plant and Equipment" and noted no exceptions.

Based on the audit procedures performed above, we found management's judgements with respect to the valuation of the cane roots, to be falling within a range of reasonable results. The impact of this has been recorded as a prior period error in accordance with IAS 8 "Accounting Policies, Change in Accounting Estimates and Errors", as disclosed in note 30.3 of the consolidated and separated financial statements.

3. Revenue Recognition in accordance with IAS 18 "Revenue" and IFRS 15 "Revenue from Contracts with Customers" (Separate and Consolidated)

Sugar sales make up the bulk of the Group's revenue. In previous years, at the end of every year and half year-end, the sugar inventory on hand were sold to a third party through the selling and distribution entity, Zimbabwe Sugar Sales, which is a related party.

Management determined that under IFRS 15: Revenue from contracts with customers and IAS 18: Revenue (previous years), the significant risks and rewards associated with ownership of the sugar inventory did not transfer at the point of signing the legal revenue contract, but only subsequently. Judgments in the contracts included the determination of when the risks and rewards passed from the company to the customers with whom legal contracts existed as well as the existence of multiple element arrangements within the contracts. The previously reported financial information prematurely recognised revenue once the sale of sugar inventory stock had been consummated contractually to the third party.

Due to the significance of the balance to the financial statements as a whole, combined with the significant judgements applied in determining when the significant risks and rewards of ownership passed in respect of sugar sales under IAS 18 "Revenue" (in previous years), and when control passes under IFRS 15 "Revenue from Contracts with Customers" and the resulting prior period errors identified per note 30.1, the appropriate accounting treatment for sugar sales is considered to be a key audit matter.

Our procedures performed in considering the appropriate recognition of revenue in terms of IAS 18 (in previous years) and IFRS 15 included the following:

- We assessed the design and implementation of key controls performed by management with respect to revenue recognition such as review of transfer of control to the customer through customer acknowledgement, manager review of all contracts etc. Controls tested included the manager review of revenue ship contracts to ensure the price, volume and customer name are accurate.
- Utilising our accounting specialists we assessed the appropriate application of IAS 18 and IFRS 15;
- We assessed the sugar sale contracts against the requirements of IAS 18 and IFRS 15;
- We recomputed managements calculation in support of the restatements; and
- We utilised our internal tax specialists to assess the taxation implication of the restatements.

Based on the audit work performed, we found management's assessment and conclusion to be acceptable. The impact of this has been recorded as a prior period error in accordance with IAS 8: Accounting policies, change in accounting estimates and errors as disclosed in note 30.1 of the consolidated and separate financial statements.

(continued)

Key Audit Matter	How the matter was addressed in the audit

4. Capitalisation of overheads to sugar inventory in accordance with IAS 2 "Inventories" (Separate and Consolidated)

As disclosed in note 30.5, the Group values sugar inventory at the lower of cost or net realisable value in accordance with the requirements of IAS 2 "Inventories". The Group's inventory consists of consumable spares to be used in production, sugar inventory work in progress as well as raw sugar finished inventory.

In prior years, the cost included a portion of support services overheads, which were allocated based on varying bases, namely labour costs, direct costs and total costs incurred per division.

Management has determined that under IAS 2, these costs should not have been allocated to inventory in the prior period, as they cannot be considered to be directly attributable to the cost of bringing the inventory to its present condition and location

In the current year, management has valued its sugar inventory by including only the direct costs incurred. Following changes in accounting treatment by the parent company, the Group and Company has not allocated overheads in determining the cost of sugar stocks as was done in prior years. The inclusion or exclusion of the overheads requires management judgment to determine which costs are attributable to bringing the inventory to its present condition and location. Management has applied judgment by reversing all overhead costs capitalised to inventory in the current and prior years and not including any overheads.

Due to the significance of the balance to the financial statements as a whole, combined with the significant judgements outlined above, and the resulting prior period errors identified per note 30.5, the capitalisation of overheads to inventory is considered to be a key audit matter.

Our procedures performed in considering the appropriateness of the accounting treatment included the following:

- We performed an assessment of the appropriate application of IAS 2 and utilised our accounting specialist in this process ;
- We tested the accuracy and completeness of the information prepared by the company by analysing all the costs included in the inventory valuation against the requirements of IAS 2;
- We recomputed managements calculation in support of the restatements;
- We challenged management's assumptions with respect to the basis of capitalisation of costs in inventory, as well as the restatements for previous years through recomputation on an independent basis based on actual data to determine whether it was within acceptable ranges; and
- We performed a detailed evaluation of the overheads excluded from inventory for previous years through testing each of them against requirements of IAS 2 to determine whether they met recognition criteria or not, hence assessing whether it is acceptable in accordance with the principles of IAS 2.

Based on the audit work performed, we found management's assessment and conclusion to be acceptable. The impact of this has been recorded as a prior period error in accordance with IAS 8 "Accounting Policies, Change in Accounting estimates and errors as disclosed in note 30.5 of the consolidated financial statements.

5. Accounting occupied land and the related cane roots and growing crop (Separate and Consolidated)

As disclosed in note 30.8, during 2005, Hippo Valley North was expropriated by the Zimbabwean Government through Constitutional Amendment no 17 of 2005. During 2007, certain third parties were issued with land leases for certain parts of the expropriated land to be used for safaris and hunting.

Note 30.13 discloses the fact that third party farmers were given offer letters in 2016 by the Zimbabwean

Our procedures performed in considering the appropriateness of the accounting treatment included the following:

- We performed an assessment of management's position against the requirements of IFRS to determine whether the application was within acceptable ranges to the fact pattern established from 2005 to 2019, and involved an accounting specialist in this process;

Key Audit Matter	How the matter was addressed in the audit

5. Accounting occupied land and the related cane roots and growing crop (Separate and Consolidated) (continued)

Government to occupy 1 776 hectares of the expropriated land. The acquiring authority appealed at the Supreme court, due to the dispute that arose subsequently, but lost the appeal. The farmers that occupied the land, expropriated from the entity, farmed the cane that was planted by the Hippo Valley and delivered harvested cane to the millers in return for compensation which was adjusted for an amount relating to the depreciation of the cane roots originally planted.

The significant judgments relating to this accounting treatment relates to:

- An assessment as to whether or not land , and land improvements (including clearing costs, road building costs, and drain construction costs), should not have been de-recognised as assets in previous years, notwithstanding the existing legislation and the judgements management had applied in previous years
- As assessment as to whether the cane roots and standing cane on occupied land should have remained as assets at various year ends, given the on-going disputes related to the farmers occupation on the land
- This is a significant area of judgement because the entity still continues to direct the majority of the land for planting cane, actively farms the cane and/or derive the benefits from the cane. The fact that government has demonstrated their ability to allocate the land to third parties questions whether the entity controlled the land and potentially the other assets established on the land.

Due to the significance of the balance to the financial statements as a whole, combined with the significant judgements outlined above, and the resulting prior period errors identified, the appropriate accounting treatment for land and the cane roots and standing cane on occupied land is considered to be a key audit matter.

- Our assessment covered the following pertinent issues:

i) Accounting for the land expropriated by the government, and the generality of agricultural and safari land
ii) Accounting for the land improvements on the above mentioned land (including clearing costs, road building costs and drain construction costs)
iii) Assessment of control and/or impairment of the cane roots and standing cane, at various intervals in previous years, on the land specifically leased by the Government to other external farmers
vi) Treatment of any possible compensation related to land improvements on expropriated land and on land leased by the government to external parties.
v) We conducted site visits and inspected evidence of cane deliveries to the mill from the affected sections to assess whether the company continued to derive economic benefit of the affected cane fields;

- We assessed the requirements of both IAS 16: Property, plant and equipment as it relates to the recognition of land;
- We re-performed the partial and full cane root impairment calculations for 2017 and 2018; and
- We assessed legal advice obtained by management with respect to the legal aspects pertaining to land occupation in Zimbabwe.

Based on the audit work performed, notwithstanding management's previous judgements, management's assessment that all the land should have been derecognised as an asset from as early as at least 2007, is accepted.

We reviewed management's decision on the timing of the derecognition of the cane roots and standing cane on occupied land and deemed it acceptable in line with requirements of IFRS. Although the land in question was occupied since 2017, there was uncertainty as to whether the entity would regain control of the land. As it became clearer that the land was not going to revert to the control of Hippo Valley Estates, the cane roots and standing cane were appropriately derecognised. The impact of this has been recorded as a prior period error in accordance with IAS 8: Accounting policies, change in accounting estimates and errors as disclosed in note 30.8 of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit

6. Valuation of game and wildlife in accordance with IAS 41 (Separate and Consolidated)

The Group has a total of 15 060 hectares of land that is under wildlife management, comprising the management of game, safari and hunting activities. The Group had previously applied IAS 41 "Agriculture" in recognising the value of the wildlife as a biological asset. Following a comprehensive review, management determined that the control element of the asset recognition criteria for wildlife is not met given the unrestricted and free movement of wildlife to areas outside the Company's game park boundaries, including neighbouring game parks.

Furthermore, the fair value of the wildlife was determined with reference to trophy fees but was not supported by any hunting revenue considering that the Group had not been issued a hunting quota between 2012 and 2018.

Consideration was given as to whether this wildlife meets the criteria for recognition as an asset, in view of the following:

- The free movement of game and wildlife in and out of the Company premises due to limited fencing.
- The uncertainties with respect to when and how the company would realise value from the game in future.
- The restrictions to generate hunting income in the past, due to land leases on certain parts of the safari land issued in 2007.

Due to the significance of the balance to the financial statements as a whole, combined with the significant judgements outlined above, and the resulting prior period errors identified per note 30.14, the valuation of the game is considered to be a key audit matter.

- We performed the following procedures in considering the appropriateness of the accounting treatment:
- We assessed management's previous game and wildlife valuation and assumptions against the relevant IFRS to determine the appropriateness of the control element of asset recognition criteria with respect to the game and wildlife.
- We performed technical assessment and consultation with our internal accounting experts in respect of whether the wildlife meets the criteria for recognition as an asset, considering that there is free movement in and out of the company premises due to limited fencing, the obtaining uncertainties with respect to when and how the company would realise value from the game in future, and the restrictions to generation of hunting income in the past, due to land leases on certain parts of the safari land issued in 2007.

Against the foregoing, management concluded that recognition of game and wildlife on the statement of financial position was no longer justifiable and processed a prior year error to correct the position. We assessed managements' assumptions and judgements with respect to the application of IFRS and their decision to derecognise the game and wildlife, as well as appropriate accounting and disclosure of the de-recognition in accordance with IAS 8 – "Accounting policies, change in accounting estimates and errors" as disclosed in note 30.14 of the consolidated financial statements.

7. Valuation and determination of cash generating units (Separate and Consolidated)

Following the restatements, several of the Group's operations were not as profitable as previously reported and consequently several new impairment indicators were identified at each reporting period, including 31 March 2017 - being the earliest period presented in these financial statements.

In order to perform the impairment tests required by IAS 36: Impairments, it is necessary to determine cash generating units ("CGU's"). A CGU is the smallest Group of assets that independently generates cash inflows. Due to the integrated nature of the Group's operations, the management's

Our procedures performed in considering the appropriateness of the valuation of cash generating units where impairment indicators were in existence included the following:

- Utilising our internal IFRS accounting specialists, we concluded on the appropriate application of IAS 36 in determining the Group's CGU's and the valuation of the identified CGU's;
- We assessed the competence, capabilities and objectivity of managements' independent experts;
- Utilising our internal valuation specialists to perform an independent assessment of the

Key Audit Matter	How the matter was addressed in the audit
7. Valuation of cash generating units in accordance with IAS 36: Impairment of Assets (cont'd)	

judgement needed to be applied in identifying CGU's.

The impairment tests applied to the carrying values of the assets in the CGU's entailed calculating discounted cash flow models for each of the individual CGU's. Significant assumptions and judgements were applied by management when performing these calculations to determine whether impairments were required.

As disclosed in the accounting policy of the group and company's financial statements, there are a number of key judgements made by management in determining the inputs into these models which include:

- future revenue volumes and growth;
- future operating margins;
- future major maintenance and capital expenditure; and
- discount rates applied to the projected future cash flows.

Managements' assessment identified CGU's within the sugar operations where the recoverable amount was significantly lower that the respective carrying amounts.

The impairment assessment by CGU was considered to be a matter of most significance to the current year audit due to:

- The significant judgments made by the management regarding the assumptions and other forecast information included in the calculation used to perform the impairment assessments;
- The judgements applied in identifying an independent CGU in a vertically integrated business model; and

Due to the significance of the balance being assessed for impairment and the magnitude of the resultant impairment of certain CGUs' assets in the sugar business, combined with the significant judgements outlined above, and the resulting prior period errors identified per note 30.10, this was considered to be a key audit matter.

recoverable values of the underlying cash generating units where impairment indicators existed. The procedures performed by our specialist, involved challenging the assumptions and methodology applied by management's expert in determining the recoverable values through testing assumptions against independent data and testing how these assumptions were determined.

- We critically evaluated whether the discounted cash flow models used by management to calculate the value in use of the assets comply with the requirements of IAS 36 through the following procedures:
  - » Assessed the compilation of the projected cash flows used in the valuation models;
  - » Analysed the projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the respective entities;
- We assessed the allocation of identified impairments to underlying assets in accordance with the requirements of IAS 36 through recomputation of the allocation basis used and testing the assumptions surrounding the allocation basis;
- We assessed the disclosures included in note 30.10 against the relevant IFRS disclosure requirements per IAS 36 to determine whether these were complete and accurate.

Managements' assumptions and methodology in determining the impairments and impairment reversal, were deemed to be acceptable against the requirements of IAS 36 as at 31 March 2017 and at 31 March 2019 respectively.

The 31 March 2017 impairment has been recorded as a prior period error in accordance with IAS 8: Accounting policies, change in accounting estimates and errors as disclosed in note 30.10 of the consolidated financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibility for Financial Reporting, Directors' Report, Statistical Summary, and Corporate Governance Report, as required by the Companies Act (Chapter 24:03), which we obtained prior to the date of this auditor's report and the Sustainability Report, which was also made available to us prior to the auditor's report date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 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. In this regard, we report as follows in respect of other information:

- The matter resulting in the adverse opinion, International Accounting Standard ("IAS") 21 "The Effects of Changes in Foreign Exchange Rates" considerations, also impacts on the other information. Consequently, we have concluded that, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the financial aspects of other information relating the current financial year are not presented fairly in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of Zimbabwe (Chapter 24:03), and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and 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.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants (Zimbabwe)
Per: Brian Mabiza
Partner
Registered Auditor
PAAB Practicing No. 0447

20 December 2019

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	31.03.19 RTGS$'000	31.03.18 RTGS$'000 Restated	01.04.17 RTGS$'000 Restated
ASSETS				
Non-current assets		**142 173**	**107 511**	**98 461**
Property, plant and equipment	4.3	126 517	95 016	88 506
Intangible assets	4.6	2 874	2 985	1 045
Investments in associate companies	5	7 092	3 820	3 220
Long term receivables	7.4	5 690	5 690	5 690
Current assets		**216 115**	**109 784**	**105 536**
Biological assets	6	92 673	36 826	32 912
Inventories - stores	8	23 097	19 916	15 622
- sugar and by-products	8	18 750	22 292	27 116
Accounts receivable - trade	7.1	18 938	2 259	3 951
- other	7.2	43 187	18 996	15 771
Current tax asset		-	262	-
Cash and cash equivalents		19 470	9 233	10 164
Total assets		**358 288**	**217 295**	**203 997**
EQUITY AND LIABILITIES				
Capital and reserves		**184 910**	**114 415**	**108 922**
Issued share capital	9.1	15 442	15 442	15 442
Non-distributable reserves	9.2	53 511	50 406	50 224
Retained earnings		115 957	48 567	43 256
Non-current liabilities		**56 713**	**33 233**	**31 160**
Deferred tax liabilities	10	48 451	28 496	26 715
Provisions	12.1	8 262	4 737	4 445
Current liabilities		**116 665**	**69 647**	**63 915**
Trade and other payables	11	41 915	22 491	9 827
Provisions	12.2	9 661	4 721	3 430
Trade finance	13.2	-	30 150	30 616
Borrowings	13.1	56 569	12 285	18 080
Current tax liability		7 126	-	1 962
Dividends payable	18	1 394	-	-
Total equity and liabilities		**358 288**	**217 295**	**203 997**

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 31.

D L Marokane
Chairman

A Mhere
Chief Executive Officer

O H Manasah
Registered Public Accountant number 3784
13 December 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000 Restated
Turnover			
Revenue		244 890	159 017
Fair value gain on biological assets	6	55 847	3 914
		300 737	**162 931**
Operating profit	14	113 612	11 123
Net finance charges	15	(6 708)	(4 690)
Interest paid-loans		(7 793)	(4 706)
Interest received		1 085	16
		106 904	6 433
Share of associate companies' profit after tax	5	1 587	970
Profit before tax		**108 491**	**7 403**
Income tax expense	16	(34 715)	(1 941)
Profit for the year		**73 776**	**5 462**
Other comprehensive income, net of tax		579	31
Items that may be reclassified subsequently to profit or loss			
- Exchange gain on translation of equity in foreign associated company		3 105	182
Items that will not be classified subsequently to profit or loss			
- Actuarial losses on post retirement provision		(2 526)	(151)
Total comprehensive income for the year		**74 355**	**5 493**
Basic and diluted earnings per share (RTGS cents)	17	38.2	2.8
Headline earnings per share (RTGS cents)	17	22.1	3.0

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 31.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

		Issued Share capital RTGS$'000	Non-distributable reserves RTGS$'000	Retained earnings RTGS$'000	Total RTGS$'000
Balance at 31 March 2017 (as previously reported)		**15 442**	**127 653**	**82 671**	**225 766**
Restatement of opening balance		-	(77 429)	(39 415)	(116 844)
Initial adoption of IFRS 9	Note 2.1	-	-	(346)	(346)
Correction of prior period errors	Note 30	-	(77 429)	(39 069)	(116 498)
Balance at 1 April 2017 (Restated)		**15 442**	**50 224**	**43 256**	**108 922**
Total comprehensive income for the year (Restated)		-	182	5 311	5 493
Profit for the year (Restated)		-	-	5 462	5 462
Other comprehensive income / (loss) for the year		-	182	(151)	31
Balance at 31 March 2018 (Restated)		**15 442**	**50 406**	**48 567**	**114 415**
Total comprehensive income for the year		-	3 105	71 250	74 355
Profit for the year		-	-	73 776	73 776
Other comprehensive income/(loss) for the year		-	3 105	(2 526)	579
Dividend		-	-	(3 860)	(3 860)
Balance at 31 March 2019		**15 442**	**53 511**	**115 957**	**184 910**

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 31.

Rail loading zone

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	Year ended 31.03.18 RTGS$'000	Year ended 31.03.17 RTGS$'000 Restated
Cash flows from operating activities			
Cash generated from operations	19.1	37 211	16 631
Changes in working capital	19.2	(16 145)	12 952
Net cash generated from operations		**21 066**	**29 583**
Net finance charges paid		(6 708)	(4 690)
Interest paid-loans		(7 793)	(4 706)
Interest received		1 085	16
Tax paid		(7 017)	(2 418)
Net cash inflow from operating activities		**7 341**	**22 475**
Cash flows from investing activities			
Additions to property, plant, equipment and intangible assets		(9 818)	(17 783)
- Other property, plant, equipment and intangible assets		(5 101)	(6 809)
- Cane roots		(4 717)	(10 974)
Proceeds on disposal of property, plant, equipment and intangible assets	19.3	35	-
Dividends received from associated companies		1 942	638
Net cash outflow from investing activities		**(7 841)**	**(17 145)**
Net cash (outflow)/inflow before financing activities		**(500)**	**5 330**
Cash flows from financing activities			
Proceeds from trade finance		-	30 150
Proceeds from borrowings		76 376	36 142
Repayment of trade finance		(30 150)	(30 616)
Repayment of borrowings		(32 092)	(41 937)
Dividends paid	18	(3 397)	-
Net cash inflow/(outflow) from financing activities		**10 737**	**(6 261)**
Movement in cash and cash equivalents			
Net cash and cash equivalents at beginning of year		9 233	10 164
Net cash inflow from operating activities		7 341	22 475
Net cash outflow from investing activities		(7 841)	(17 145)
Net cash inflow/(outflow) from financing activities		10 737	(6 261)
Cash and cash equivalents at end of year		**19 470**	**9 233**
Consisting of:		**19 470**	**9 233**
Cash at bank		19 456	9 225
Cash on hand		14	8

Company results have not been shown here and in the notes to the financial statements for reasons explained in note 31.

1. Statement of compliance and basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the International Financial Reporting Interpretations Committee (IFRIC), except for IAS 21: The Effects of Changes in Foreign Exchange Rates, as detailed in Accounting Policy note 2. The financial statements are based on statutory records that are maintained under the historical cost convention except for the valuation at fair value at the end of each reporting period for certain assets. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the date of the transaction. Where there is no guidance from a specific IFRS relating to a particular accounting matter, the Group and Company default to the Conceptual Framework for Financial Reporting in formulating its accounting policies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The group has adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for the Group for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results other than for the first time adoption of IFRS 9: Financial Instruments as detailed in note 2.1 of the notes to the consolidated financial statements.

2. Change in functional currency

During the year ended 31 March 2019, the Group and Company transacted using a combination of United States Dollars (US$), bond notes and bond coins. Liquidity challenges due to the shortage of US$ cash and other foreign currencies in the country, resulted in an increase in the use of multiple modes of transacting, such as the Real Time Gross Settlement (RTGS) system and mobile money platforms. In the market, the US$ and other foreign currencies began to effectively command a premium against the then surrogate currencies of the bond note, bond coin, mobile money platforms and RTGS notwithstanding the official parity with the US$ that subsisted up until 22 February 2019 when the RTGS was legally recognised as a currency. From an accounting perspective, the substance of the economic phenomenon suggested that the RTGS had become a currency separate from the US$, long before 22 February 2019.

The Reserve Bank of Zimbabwe (RBZ) in October 2018 instructed banks to separate depositors' bank accounts into RTGS FCA for local RTGS transactions and Nostro FCA accounts for foreign currency transactions (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a consequence of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

On 20 February 2019, a currency called the RTGS Dollar ("RTGS$") was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS$ and the US$ at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency. The rate post 22 February 2019, on the official interbank market commenced at 1US$:2.5 RTGS$.

These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates ("IAS 21"). The Directors therefore performed an assessment of the functional currency of the Group and Company in accordance with IAS 21 and acknowledged that the functional currency of the Group and Company had changed from the US$ to the RTGS$. In compliance to SI 33/19, the Directors effected this change in functional currency on 1 March 2019 at the legislated rate of 1:1. Subsequent to this date, all foreign currency transactions and balances were translated at the applicable official foreign currency rates on the interbank market in accordance with the provisions of IAS 21. Prior year comparatives have been translated from US$ to RTGS$ at the then prevailing exchange rate of 1:1.

The Directors acknowledge that due to the economic and legislative environment explained above, foreign currency transactions and balances could not be appropriately translated during the period up to 22 February 2019. Had the Group and Company applied the requirements of IAS 21 during this period, many of the elements of the accompanying consolidated and separate financial statements would have been materially impacted. The financial effects on the consolidated and separate financial statements of this departure have not been determined.

The principal accounting policies are set out below.

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that the decisions need to be made including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.1 Changes in Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate exceeds the Group's net investment in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 (Impairment of Assets) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount if the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

5. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with its IFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statement only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

6. Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

6.1 Financial assets

6.1.1 Financial assets at amortised cost and the effective interest method

The financial assets of the Group are measured at amortised cost if both of the following conditions are met:

- the asset is held with the objective of collecting contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method less any impairment (see note 6.1.3), with interest revenue recognised on an effective yield basis in interest received.

Subsequent to initial recognition, the Group is required to reclassify such instruments from amortised cost to fair value through profit or loss (FVTPL) if the objective of holding the asset changes so that the amortised cost criteria are no longer met.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

6.1.2 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss.

For financial assets classified as FVTPL, the foreign exchange component is recognised in profit or loss.

For foreign currency denominated financial assets classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'operating profit' line item (note 14) in the statement of comprehensive income.

6.1.3 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (“ECL”) for trade and other receivables and have adopted the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit impaired financial assets
A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iii) Write off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iv) Measurement and recognition of expectedcredit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

6.1.4 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognizes a collateralised borrowing for the proceeds received.

6.2 Financial liabilities and equity instruments issued by the Group

6.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilites. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

6.2.2 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

6.2.3 Foreign exchange gains and losses

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the liability and are recognised in the 'operating profit' line item (note 14) in the statement of comprehensive income.

6.2.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

7. Revenue recognition

Revenue represents the net proceeds after VAT in respect of the Group's trading activities and comprises principally of sugar sales and sales of other biological assets such as livestock and citrus fruits. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is reduced for estimated customer returns, rebates and other similar allowances where applicable.

7.1 Sale of goods
The Group applies a single comprehensive model to account for revenue arising from contracts with customers. Revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group follows the following 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised when (or as) a performance obligation is satisfied, that is, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. For some customers payment of the transaction price is due immediately at the point the customer purchases the goods.

7.2 Dividend and interest income
Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

7.3 Rental income
The Group's policy for recognition of revenue from operating leases is described in note 8.1 below.

8. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

8.1 The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

8.2 The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance lease expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 11 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

9. Property, plant, equipment and intangible assets

9.1 The cost of an item of property, plant and equipment is recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Every item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost less accumulated depreciation and accumulated impairment losses.

9.2 To the extent to which the carrying amounts exceed the residual values, the following assets are depreciated on a straight line basis so as to write-off the cost or valuation of such assets over their expected useful lives which generally are as follows:

Land improvements, irrigation canals, dams, roads and bridges	50 - 99 years
Sugar factory buildings and Plant	5 - 50 years
Buildings and permanent improvements	50 years
Estate electrification and railway line	35 - 45 years
Rolling stock, plant, equipment, furniture and fittings	8 -30 years
Tractors, trailers, dumpers and heavy equipment	8 -15 years
Motor vehicles	5 -10 years
Cane roots (9 ratoon cycles)	10 years
IT software	4 - 20 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate, accounted for on a prospective basis.

Freehold land and capital work in progress are not depreciated.

9.3 Following the change in functional currency from the US$ to RTGS$, property, plant and equipment, a significant portion of which was procured in US$ in prior financial periods, was translated to RTGS$ terms on a ratio of 1:1. The valuation of property, plant and equipment is therefore distorted by the significant disparity between the US$ and RTGS$ during the current year as highlighted in the summary of significant accounting polices note 1.1.

9.4 Major spare parts, stand-by equipment and servicing equipment

Major spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise such items are classified as inventory. These items meet the definition of property, plant and equipment when they a) are held for use in the production or supply, for rental to others, or for administrative purposes, b) can be used only in connection with an item of property, plant and equipment and c) are expected to be used during more than one period. Management makes use of judgement in this determination including the supposed purpose of the items, the estimated period of use, materiality and significance. Small spares and tools are generally accounted for as inventories and expensed in the profit or loss at point of use. The depreciation of spare parts, stand-by equipment and servicing equipment will depend on the underlying nature of the spare part. Capital spares used as replacement parts at a future point in time are depreciated over their useful lives from the date they are put into use, rather than when they are acquired. Critical spares or stand-by equipment are depreciated over the lesser of their useful life or the remaining expected useful life of the equipment to which they are associated from the time they become available for use which is the date on which they are acquired. Interest and other costs incurred on major capital projects are capitalized until all the activities necessary to prepare assets for their intended use are substantially complete.

9.5 The carrying amount an item of property, plant and equipment is derecognised upon disposal or when no economic benefits are expected to arise from the continued use of the assets. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

9.6 Intangible Assets

Intangible assets are measured initially at cost. Interest and other costs incurred on major projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete. After initial recognition, an intangible asset is measured at cost less accumulated amortisation. An intangible asset with a finite useful life is amortised on the straight line basis over its expected useful life.

The estimated useful life is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

10. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately in the statement of comprehensive income.

When an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in the statement of comprehensive income.

11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

12. Inventories

12.1 Stores

Stores inventory is valued at the lower of weighted average cost and net realisable value (NRV). Cost comprises direct materials and freight costs that have been incurred in bringing the inventory to its present location and condition. NRV represents the estimated selling price less all estimated costs to sell off the individual inventory items or of the ultimate end product where the item is a raw material or consumable for which the NRV cannot be individually ascertained.

12.2 Sugar and by-products

Inventory of sugar and its by-products is valued at the lower of cost or NRV. Cost is determined by reference to the cost of production including all relevant production overheads and where applicable, the fair value component of biological assets. NRV represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

13. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of comprehensive income because of items of income or expenses that are taxable or deductable in other years and items that are not taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled operations, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

13.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

14. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss monetary items.

15. Employee benefits

15.1 Retirement benefits

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

15.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cashflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

16. Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 Share-based Payment ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

17. Agricultural activities

Agricultural activities comprise the growing of cane and milling it into sugar and the raising of livestock, which includes both cattle and sheep for purposes of disposal on the open market. They also include the growing of various fruits for sale on the open market.

17.1 Growing crops

Growing crops comprise standing cane and fruit orchards. The carrying value is determined as follows:

- standing cane at the estimated cane price and sucrose content less harvesting, transport and over the weighbridge costs; and
- fruit orchards at estimated future sales proceeds less harvesting and transport costs. Future sales proceeds and costs to sell are discounted to present values at valuation date using the weighted average cost of capital which was 23.5% (2018:7.67%) at current year end.

17.2 Wildlife

Wildlife management activities comprise the management of game animals with safari and hunting activities. The control element of the asset recognition criteria for game as required by IAS 41: Agriculture, is not met due to the unrestricted and free movement of game across established boundaries. Consequently, the Group does not recognize game animals as a biological asset.

17.3 Agricultural produce

Agricultural produce comprises the harvested product of the Group's biological assets. This is measured at its fair value less estimated point of sale costs at the point of harvest. The consumption of the Group's agricultural produce is charged to production costs at fair value.

17.4 Changes in the fair value of biological assets

Changes in the fair value of biological assets are recognized in revenue in accordance with IAS 41 “Agriculture” which is also consistent with the treatment in prior years. Fair value of biological assets is determined as described in 19.1 below. The Group has provided an analysis of the change in the fair value of biological assets as encouraged by IAS 41 in note 6 to the consolidated financial statements.

18. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

18.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

19. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's Accounting policies, which are described above, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

19.1 Standing cane valuation

Growing crops are required to be measured at fair value less harvesting, transport and over the weigh bridge costs. In determining fair value an estimate is made of the yield of the standing cane as well as the estimated realisable value of the processed sugar. These estimates can vary from the actuals achieved. In the current year, the estimates have been arrived at after considering the following specific factors:

- It assumed that the growing crops will have sufficient water supply throughout the year, on the back of adequate dam water capacity.
- It is anticipated that the accelerated replanting program which began in early 2017 will contribute to the significant improvement in standing cane yields.
- The estimated realisable value of the processed sugar is calculated on the assumption that the company will be able to compete on the local, regional and international markets and be able to achieve its budgeted volumes, at certain budgeted selling prices, in the different markets.

A standing cane sensitivity analysis based on exposure to yield and the estimated realisable value of the processed sugar, has been included in note 6.1 to the consolidated financial statements.

19.2 Cane roots valuation

Cane roots are valued based on total establishment costs amortised over the period of their productive life which is currently estimated at 9 ratoon cycles grown over a 10-year period. This estimate of the productive life of the cane roots is dependent on the availability of reliable irrigation water supply, relevant agrochemicals and appropriate crop husbandry practices. Unforeseen circumstances such as episodes of drought, disease or crop damage by animals may result in roots in some fields being ploughed out earlier than the standard 9 ratoon cycles. In such circumstance the carrying value of these roots is depreciated in full in the period that they are plough out. A sensitivity analysis showing the potential impact of a variation in the useful life of cane roots has been included in note 4.2.1.

Additionally, judgement is required to determine an appropriate cut-off point at which cane roots are deemed to be ready for their intended use. The Group and Company policy is that replant costs, for purposes of cane roots capitalisation shall be up to the point of covering the furrow.

19.3 Citrus
Fruit orchards are measured at fair value less harvesting and transport costs. In determining fair value an estimate is made of the yield of fruit trees over the period of their productive life as well as the estimated sales price. These estimates can vary from the actuals achieved.

19.4 Livestock
Livestock is measured at their fair value. In determining the fair value an estimate is made of current market values. These estimates involve significant judgments and can vary from one period to another.

19.5 Remaining useful lives and residual values of property, plant and equipment
Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

19.6 Impairment of property, plant and equipment (PPE) other than land
Determining whether PPE is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which PPE has been allocated. The value in use computation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These calculations require the use of assumptions which are noted in note 4.8 to the consolidated financial statements.

19.7 Post-retirement benefit obligations
Post-retirement benefit obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

19.8 Determination of prior period errors on inventory and cane roots
Significant judgment was applied in the process of allocating attributable portions of overhead costs which in management 's view, were relevant in bringing sugar inventory to its intended location and condition. Furthermore, significant judgement was applied in determining the establishment costs of cane roots, directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management. Prior period errors were therefore recognised for inventory (note 30.4) and cane roots (note 30.5), to more accurately align the cost allocation criteria to IAS 2: Inventories and IAS 16: Property, Plant and Equipment, respectively. Due to the nature of the business model, the business processes and record keeping activities pertaining to the Group and Company, it is impracticable to identify the actual direct costs, at a granular level. Consequently, significant judgement was applied in the determination of the correcting adjustments, as prior period errors as opposed to changes in accounting policy, in part or in whole as defined in IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

19.9 Calculation of loss allowance on receivables
When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

19.10 Land and related cane land development assets
In previous years, the Group and Company maintained the full carrying value of land held under two title deeds, namely Hippo Valley North (HVN) and Hippo Valley South (HVS), together with related cane land development assets. HVN land measuring 37 772 hectares, was gazetted for acquisition in August 2003 while HVS land measuring 16 433 hectares has not been

gazetted. In determining the accounting treatment of such land, the Directors made various judgements based on legal advice and general interpretation of the prevailing land dynamics in Zimbabwe. In terms of Constitution of Zimbabwe Amendment No. 17 of 2005 and the Land Acquisition Act (Chapter 20:10) hereinafter referred to as "the Constitution" and "the Act", respectively, ownership of land transferred to government upon such gazetting for acquisition. It is the Directors' judgement therefore that, effective 8 July 2005, ownership of HVN land vested in the Government and legal title thereof. While HVS land has not been gazetted, it is management's judgement that in terms of the constitution, the Act, and related land dynamics within the country, ownership of this land in substance vests with the state. In the event of any allocation of the land to other parties, the Group and Company are compensated only for permanent improvements and not for the value of the land. Consequently, the Directors have concluded that HVN and HVS land do not meet the recognition criteria in terms of IAS 16 together with related cane land development assets such as capitalised bush clearing, drainage and dirt road costs that may be construed as being part of the land in terms of the Act. Other constructed permanent improvements such as buildings, canals and dams have been determined as being subject to compensation and have therefore been recognised as assets by the Group and Company.

19.11 Major plant maintenance costs

The operational calendar of the sugarcane harvesting and milling operations is split into two seasons, a production period generally running from April to December and a major plant maintenance period from January to March where the plant and key haulage equipment undergo significant refurbishments to prepare them for the subsequent harvesting and milling season. Due to the seasonality of the sugar operations, in determining the accounting treatment of such post production maintenance costs, the Directors are required to make judgements on whether such costs are accounted for in the period of expenditure or in the subsequent production period when the economic benefits associated with these costs are generated. The Directors have considered that in order to defer the relevant costs into the subsequent production period, the costs would have to be recognised as an asset at the financial year end date of 31 March 2019. In compliance with the Group's accounting policy, the Directors have determined that despite being incurred during the off-crop season, these costs are part of the mill's normal operating capacity and do not qualify for capitalisation as an asset. Consequently, such costs are charged directly to the statement of profit or loss in the financial period in which the costs are incurred.

19.12 Game & wildlife

The Group and Company have a total of 15 060 hectares of land that is under wildlife management, comprising the management of game, safari and hunting activities. Directors' judgement is required in determining whether the game should be recognised as biological assets of the Group and Company in terms of the requirements of IAS 41: Agriculture. The Directors have determined that despite costs being incurred towards the welfare and protection of certain game and wildlife, and marginal hunting income recognised, the control element of the asset recognition criteria for game is not met given the current unrestricted and free movement of game to areas out-side the Company's game park boundaries. Biological assets relating to game are therefore not recognised as biological assets on the statement of financial position.

20. Accounting for changes in accounting policies, accounting estimates and errors

20.1 Change in accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. Changes in accounting policy resulting from the initial application of an IFRS are accounted for in accordance with the specific transitional provisions in that IFRS, if any, otherwise they are accounted for retrospectively. Voluntary changes in accounting policies are applied retrospectively.

20.2 Changes in accounting estimates

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. The effect of a change in an accounting estimate, is recognised prospectively by including it in profit or loss in the period of the change and future periods.

20.3 Prior period errors

Prior period errors are recognized when there are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were authorised for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud. A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

Sugar Packing Station

1. **Country of incorporation and main activities**

The Company and its wholly owned subsidiary, Chiredzi Township (Private) Limited, joint operations Zimbabwe Sugar Sales (Private) Limited (ZSS), Mkwasine Estates (Mkwasine) and the Tokwane Consortium are incorporated in Zimbabwe. Its parent and ultimate holding company is Tongaat Hulett Limited through its wholly owned subsidiary, Triangle Sugar Corporation Limited. The Company engages in the growing and milling of sugar cane and other farming operations. The subsidiary is engaged in the provision of water treatment services. ZSS, in which the Company has a 50% shareholding, is a sugar broking entity for the Company. Mkwasine is a consortium in which the Company has a 50% interest and provides administrative services to the private sugarcane farmers. The Tokwane Consortium is a consortium for the construction and maintenance of the Tokwane barrage and canal in which the Company has 32.56% interest. ZSS, Mkwasine and Tokwane are accounted for as joint operations on a proportionate consolidation basis (see note 3). The Group has investments in associate companies, namely Tongaat Hullet (Botswana) (Proprietary) Limited, a sugar packer and distributor and National Chemical Products Distillers Zimbabwe (Private) Limited that converts molasses into alcohol (see note 5).

2. **Adoption of new and revised standards**

2.1 **New and revised IFRSs that affecting amounts reported and/or disclosures in the financial statements**

In the current year, the Group has applied a number of new and revised IFRSs issued by the International Accounting Standard Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2018. The application of these amendments has not resulted in any material impact on the financial performance, or financial position of the Group, other than for IFRS 9: Financial Instruments as noted below.

Impact of initial application IFRS 9: Financial Instruments

IFRS 9: Financial Instruments replaces IAS 39: Financial Instruments: Recognition and Measurement (“IAS 39”) and sets out the new requirements for the classification and measurement of financial instruments, introduces an expected credit loss model for the measurement of impairment losses and establishes a closer alignment between hedge accounting and risk management practices. In terms of IAS 39, financial assets (e.g. trade receivables, contract assets, lease receivables, loan commitments) were impaired using an incurred loss model when there was objective evidence of default. Under IFRS 9, impairment is based on an expected credit loss (“ECL”) model which takes into account historical credit loss experience adjusted for current and future economic conditions. The ECL to be recognised is based on the expected losses that may arise within the next twelve months. If there is a significant increase in credit risk, or if the company elects to do so, the ECL is based on the lifetime of the financial asset. The financial impact is shown below.

The Group has elected to restate comparative information and, in terms of the transitional requirements of IFRS 9, has adopted the full retrospective approach whereby comparative information has been restated in accordance with the requirements of the new standards, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the adoption of IFRS 9 is detailed as follows.

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statement (continued)

Impact of first time adoption of IFRS 9 on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Increase in operating expenses	(295)
Decrease in profit before tax	**(295)**
Decrease in tax expense	76
Decrease in profit for the year	**(219)**
Decerease in basic and diluted earnings per share (RTGS cents)	(0.1)

Impact of first time adoption of IFRS 9 on the Group Statement of Financial Position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in trade and other receivables	(761)	(466)
Decrease in deferred tax liability	196	120
Decrease in net assets	**(565)**	**(346)**
Decrease in opening retained earnings	(565)	(346)
Decrease in equity	**(565)**	**(346)**

The application of IFRS 9 has had no impact on cash flows of the Group.

Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets in accordance with IAS 39 and IFRS 9 at 1 April 2017 are compared as follows;

	IAS 39		IFRS 9	
Financial Assets	**Measurement**	**Carrying Amount**	**Measurement**	**Carrying Amount**
		RTGS$’000		**RTGS$’000**
Financial Assets	Amortised Cost	33 625	Amortised Cost	32 974

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statement (continued)

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The following table reconciles the carrying amount of financial assets from their previous measurement category in accordance with IAS 39 to new measurement category under IFRS 9 on 1 April 2017;

	IAS 39 Carrying Amount RTGS$'000	IFRS9 Reclassification RTGS$'000	IFRS9 Remeasurement RTGS$'000	IFRS9 Carrying amount RTGS$'000
Assets				
Financial Assets at amortised cost	33 625	-	(651)	32 974

Reconciliation of impairment allowance from IAS 39 to IFRS 9

The following table reconciles prior periods closing impairment allowances measured in accordance with IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 April 2017;

	Impairment Allowance under IAS 39 RTGS$'000	Reclassification RTGS$'000	Remeasurement RTGS$'000	IFRS 9 Allowance RTGS$'000
Assets				
Impairment allowance	1 395	-	651	2 046

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statement (continued)

disclosures are required by IFRS 15.

The application of IFRS 15 has had no material impact on the Group's financial statements for the current year other than for those relating to disclosures.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
   i. The original liability is derecognized;
   ii. The equity-settled share-based payment is recognized at the modification date fair value of the equity instruments granted to the extent that services have been rendered up to the modification date; and
   iii. Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with associate or a

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statement (continued)

	joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investor's interest in the new associate or joint venture. The effective date of the amendments has yet to be set by IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.
Amendments to IAS 40 Transfers of Investment Property	The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed on IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties). The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or retrospectively. Specific transition provisions apply. The directors of the Company do not anticipate that the application of these amendments will have an impact on the Group's consolidated financial statements in future periods as it is not anticipated that the Group will have a change in use of any of its properties.
Annual Improvements to IFRSs 2014 - 2016 Cycle	The Annual improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year. IFRS 1 amendment deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. Amendments made to IFRS 12 clarified that the disclosure requirements of IFRS 12 also apply to interests in entities that are classified as held for sale. The amendments to IAS 28 clarify that the option for a venture capital organization and other similar entities to measure investments in associates and joint ventures at

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statement (continued)

FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS nor a venture capital organization. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

IFRIC 23 Uncertainty over Income Tax Treatments

Effective for annual periods beginning on or after 1 January 2019. In June 2017, the IASB issued IFRIC 23 which clarifies application of the recognition and measurements requirements in IAS 12: Income Taxes, when there is

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statement (continued)

uncertainty over income tax treatments.

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

The interpretation specifically addresses the following:

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Directors will assess the impact of this IFRIC when it becomes effective.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 is effective for the periods beginning on or after 1 January 2019 and it will supersede the current lease guidance including IAS 17: Leases and the related interpretations effective for the periods beginning on or after 1 January 2019.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

2.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statement (continued)

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by IFRS 16.

A preliminary assessment indicates that no arrangements meeting the definition of a lease under IFRS 16, will require the Group to recognize a right-of-use asset and a corresponding liability in respect of the leases as any such arrangements are expected to qualify for low value or short-term leases having no significant impact on the amounts recognized in the Group's consolidated financial statements. The directors will however continue to monitor changes in circumstances and assess their potential impact.

In cases where the Group is a lessor (for both operating and finance leases), the directors of the Company do not anticipate that the application for IFRS 16 will have a significant impact on the amounts recognized in the Group's consolidated financial statements.

3 Interest in consortia

3.1 Mkwasine Estates

The Group has a 50% interest in Mkwasine Estates (Mkwasine). Mkwasine engages in the provision of administrative services to sugarcane farmers at Mkwasine. The Group's share of Mkwasine's loss for the year ended 31 March 2019 amounted to RTGS$1 233 219 (2018: RTGS$518 696). 50% of the assets and liabilities of the consortium at 31 March 2019 are included in the statement of financial position under their respective headings as follows:

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Non-current assets	-	2
Agricultural, haulage and motor vehicles and implements	-	2
Current assets	1 882	**4 306**
Inventories	153	280
Accounts receivable	1 617	3 935
Cash and cash equivalents	112	91
Total assets	**1 882**	**4 308**
Current liabilities	(3 542)	(3 758)
Accounts payable	(3 542)	(3 758)
Net (liabilities)/assets	**(1 660)**	**550**

3. Interest in consortia (continued)

50% of the Group's share of Mkwasine income is included in the consolidated statement of profit or loss and other comprehensive income as follows;

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
Revenue	-	-
Operating loss	(1 233)	(519)

3.2 Zimbabwe Sugar Sales (Private) Limited

The Group has a 50% interest in Zimbabwe Sugar Sales (Private) Limited (ZSS). ZSS acts as a broker to the sugar millers, and all income and expenditure is for the millers' account. 50% of the assets and liabilities other than inventories, accounts receivable and accounts payable which are included in proportion to sugar produced by each miller at 31 March 2019 are included in the statement of financial position under their respective headings as follows:

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Non-current assets	**70**	**81**
Buildings, plant and equipment	47	49
Agricultural, haulage and motor vehicles and implements	23	32
Current assets	**16 380**	**13 785**
Inventories	6	631
Accounts receivable	5 030	6 043
Cash and cash equivalents	11 344	7 111
Total assets	**16 450**	**13 866**
Current liabilities	**(13 642)**	**(5 593)**
Accounts payable	(13 642)	(5 593)
Net assets	**2 808**	**8 273**

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
Sugar revenue	197 351	132 533

3.3 Tokwane Consortium

The Group has a 32.56% interest in the Tokwane Consortium whose financial year ends on 31 March. The Group's share of the value of the Tokwane Barrage and Canal amounting to RTGS$1 171 570 (2018: RTGS$1 198 343) is included in property, plant and equipment (note 4).

3.4 Chiredzi Township (Private) Limited

The Group has a 100% interest in the Chiredzi Township (Private) Limited (incorporated in Zimbabwe) which provides water treatment services. The subsidiary whose financial year ends on 31 December is controlled by the Group and is consolidated in these financial statements.

4. Property, plant, equipment and intangible assets

4.1 Cost - Property, plant and equipment

	Balance 01.04.17 RTGS$'000 Restated	Additions RTGS$'000 Restated	Disposals/ transfer RTGS$'000 Restated	Balance 31.03.18 RTGS$'000 Restated	Additions RTGS$'000	Transfers RTGS$'000	Disposals/ transfer RTGS$'000	Balance 31.03.19 RTGS$'000
Permanent improvements	5 876	-	-	5 876	-	-	-	5 876
Cane roots	36 016	10 974	-	46 990	4 717	-	(10 244)	41 463
Irrigation canals, dams and and equipment	31 311	864	-	32 175	59	-	-	32 234
Housing and buildings	35 366	45	863	36 274	40	80		36 394
Sugar factory buildings and plant	58 228	170	113	58 511	1 465	1 451	-	61 427
Other buildings, plant and equipment	873	153	(462)	564	71	21	(9)	647
Agricultural, haulage and motor vehicles and implements	21 187	1 342	(2)	22 527	285	122	(1 704)	21 230
Capital work in progress	2 035	1 967	(1 107)	2 895	2 945	-	(1 911)	3 929
Capital work in progress - strategic spares	329	-	-	329	235	-	-	564
	191 221	**15 515**	**(595)**	**206 141**	**9 817**	**1 674**	**(13 868)**	**203 764**

4.2 Accumulated depreciation and impairment - Property, plant and equipment

	Balance 01.04.17 RTGS$'000 Restated	Charge for the year RTGS$'000 Restated	Disposals/ transfer RTGS$'000 Restated	Balance 31.03.18 RTGS$'000 Restated	Charge for the year RTGS$'000	Reversal of Impairment RTGS$'000	Disposals/ transfer RTGS$'000	Balance 31.03.19 RTGS$'000
Permanent improvements	5 876	-	-	5 876	-	-	-	5 876
Cane roots	19 216	4 769	-	23 985	4 664	(5 809)	(7 756)	15 084
Irrigation canals, dams and equipment	10 518	306	-	10 824	357	(9 330)	-	1 852
Housing and buildings	17 245	614	-	17 859	650	(7 443)	-	11 066
Sugar factory buildings and plant	35 601	2 137	-	37 738	2 465	(9 299)	-	30 904
Other buildings, plant and equipment	665	62	(374)	353	38	(114)	(16)	259
Agricultural, haulage and motor vehicles and implements	13 594	933	(37)	14 490	983	(3 118)	(148)	12 206
	102 715	**8 821**	**(411)**	**111 125**	**9 157**	**(35 113)**	**(7 920)**	**77 247**

4. Property, plant, equipment and intangible assets (continued)

4.2.1 Cane roots depreciation

Included in the disposal of cane roots is a fully depreciated cost of RTGS$5 092 006 relating to the derecognition of cane roots on 1 776 hectares occupied by third parties (see note 30.13).

Ratoon sensitivity analysis

The sensitivity analysis below has been determined based on exposure to variation in estimated useful lives of ratoons at the end of the reporting period from the normal life of 9 ratoon cycles.

		Decrease in operating profit	
Variable Factor	**Estimated Useful Life**	**31.03.2019 RTGS$'000**	**31.03.2018 RTGS$'000**
Ratoon cycles	6 ratoons	(12 255)	(4 174)
Ratoon cycles	8 ratoons	(1 865)	(2 145)

4.3 Carrying amounts - property, plant and equipment

	31.03.19 RTGS$ '000	**31.03.18 RTGS$ '000 Restated**
Permanent improvements	-	-
Cane roots	26 379	23 005
Irrigation canals, dams and equipment	30 382	21 351
Housing and buildings	25 328	18 415
Sugar factory buildings and plant	30 523	20 773
Other buildings, plant and equipment	388	211
Agricultural, haulage and motor vehicles and implements	9 024	8 037
Capital work in progress	3 929	2 895
Capital work in progress - strategic spares	564	329
	126 517	**95 016**

Notwithstanding the derecognition of the land and related cane land development costs as detailed in note 30.8, the permanent improvements thereon have not been derecognised as the Group and Company continue to exert full control over the assets and in the event of any subsequent eviction from the land, it will be adequately compensated for the improvements, in terms of the provisions of the Bilateral Investment Promotion and Protection Agreement of November 2009 signed between the government of Zimbabwe and the Republic of South Africa.

The carrying amounts of various tangible and intangible assets have been restated as detailed in notes 30.3, 30.6, 30.7, 30.8, 30.9, 30.10 and 30.11.

4. Property, plant, equipment and intangible assets (continued)

4.4 Cost - Intangible assets

	Balance 31.03.17 RTGS$ '000	Additions RTGS$ '000	Disposals/ transfer RTGS$ '000	Balance 31.03.18 RTGS$ '000	Additions RTGS$ '000	Disposal/ transfer RTGS$ '000	Balance 31.03.19 RTGS$ '000
Capital work in progress	1 045	2 070	(3 115)	-	-	-	-
ERP System	-	-	3 115	3 115	-	237	3 352
	1 045	**2 070**	**-**	**3 115**	**-**	**237**	**3 352**

4.5 Accumulated amortisation - Intangible assets

	Balance 31.03.17 RTGS$ '000	Additions RTGS$ '000	Disposals/ transfer RTGS$ '000	Balance 31.03.18 RTGS$ '000	Charge for the year RTGS$ '000	Transfer RTGS$ '000	Balance 31.03.19 RTGS$ '000
ERP System	-	130	-	130	332	16	478

4.6 Carrying amounts – Intangible assets

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
ERP System	2 874	2 985

4.7 Assets pledged as security

The Group does not have any property, plant and equipment pledged as security for any debts.

4.8 Impairment of tangible and intangible assets

At each reporting period, the Group tests whether its assets have suffered any impairment at the end of a reporting period. In determining value in use, the Group's agricultural and milling activities are considered as a single cash generating unit (CGU). The calculations use cash flow projections based on financial budgets approved by management and Directors covering a four-year period. Cash flows beyond the four-year period are extrapolated using the estimated growth rates stated below. As detailed in note 30.10 a revised impairment test was performed as at 31 March 2017, resulting in an impairment loss of RTGS$37 963 532 applied retrospectively. There were no further indicators of impairment as at March 2018. The impairment test performed as at 31 March 2019 resulted in a reversal of the previously recognised impairment loss due to the effective devaluation of assets on change of functional currency of the company from the United States dollar to the RTGS dollar (Accounting policy note 2). The following table sets out the key assumptions used in the impairment tests performed for the CGU.

Assumption	Approach used to determining values
Production volumes	Past performance adjusted for management's expectations on irrigation water availability, improved yields from root replanting on company owned and private farmer owned land.
Sales volume	Past performance adjusted for projected local market demand over the four-year forecast period; Management's expectations on regional and international export market development.
Sales prices	Based on current and projected local and export market industry trends.
Other operating costs	Fixed costs of the CGU, which do not vary significantly with sales or production volumes or prices are based on the current structure of the business, adjusting for inflationary increases. Variable costs are adjusted in line with forecast year on year changes to production or sales.
Annual capital expenditure	Expected cash costs based on the historical experience of management, and the planned maintenance capital expenditure. No expansionary capital expenditure is assumed in the value-in-use model calculations.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are managements best estimate based on past experience and forecast economic parameters.
Pre-tax discount rates	Reflect specific risks relating to the relevant CGU and the country of operation. Where necessary expert advice is obtained.

Key parameters and results of the impairment test performed are as follows;

	31.03.2019	31.03.2017
Pre-tax Weighted Average Cost of Capital (WACC)	18.9%	17.3%
Long term growth rate	2%	2%
Value in use (RTGS$'000)	296 432	160 359
Carrying amount of CGU (RTGS$'000)	127 254	198 824
Impairment loss recognised in statement of comprehensive income (RTGS$'000)	-	38 465
Headroom (RTGS$'000)	169 178	-
Impairment loss reversed in statement of comprehensive income (RTGS$'000)	35 113	-

Sensitivity Analysis

Variable factor	Resulting Headroom/(impairment)	
	31.03.2019	31.03.2017
	RTGS$'000	RTGS$'000
1% increase in long-term growth rate	179 624	(31 251)
1% decrease in long-term growth rate	159 895	(44 791)
1% increase in pre-tax discount rates	151 089	(48 673)
1% decrease in pre-tax discount rates	189 578	(26 811)

5. Investments in associate companies

Name of associate company	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			31.03.19	**31.03.18**
Tongaat Hulett (Botswana) (Proprietary) Limited (i)	Packer and distributor of sugar	Botswana	33.3%	33.3%
National Chemical Products Distillers Zimbabwe (Private) Limited (ii)	Conversion of molasses into alcohol	Zimbabwe	49%	49%

(i) The financial year-end is 31 March, and the associate company is equity accounted using the audited year-end accounts.

(ii) The financial year-end for National Chemical Products Distillers Zimbabwe (Private) Limited (NCPDZ) is 31 December. For the purpose of applying the equity method of accounting, the financial statements of NCPDZ for the year ended 31 December 2018 have been used, and appropriate adjustments have been made for the effects of transactions between that date and 31 March 2019 based on the unaudited management accounts.

Summarised financial information in respect of the associate companies is set out below:

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Total assets	26 874	11 434
Total liabilities	(7 063)	(1 142)
Net assets	**19 811**	**10 292**
Group's share of net assets of associate companies	**7 092**	**3 820**

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
Total revenue	40 586	37 905
Total profit for the year	**4 467**	**2 766**
Group's share of after tax profit of associate companies	**1 587**	**971**

6. **Biological assets**	**Standing cane RTGS$'000**	**Fruit orchards RTGS$'000**	**Livestock RTGS$'000**	**Total RTGS$'000**
Balance at 31 March 2017	**31 938**	**495**	**479**	**32 912**
Fair value gain/(loss)	3 855	(82)	141	3 914
- Gain/(loss) arising from physical growth	7 212	(168)	(55)	6 989
- Gain/(loss) arising from price changes	809	86	196	1 091
- Loss due to decrease in area on occupied land	(1 391)	-	-	(1 391)
- Loss due to decreased area (Restated) Note 30.6	(2 775)	-	-	(2 775)
Balance at 31 March 2018 (Restated)	**35 793**	**413**	**620**	**36 826**
Fair value gain/(loss)	55 548	(127)	426	55 847
- Gain/(Loss) arising from physical growth	3 495	(171)	21	3 345
- Gain/(loss) arising from price changes	55 738	44	405	56 187
- Loss due to decreased area	(3 685)	-	-	(3 685)
Balance at 31 March 2019	**91 341**	**286**	**1 046**	**92 673**

Biological assets on hand at year end are as follows:

	31.03.19	**31.03.18 Restated**
Hectares under cane	10 942	10 992
Hectares under fruit orchards	14	14
Livestock population	1 018	984

6.1 Standing cane sensitivity analysis

Standing cane, is measured at fair value which is determined using unobservable inputs and is categorised as Level 3 under the fair value hierarchy as shown in note 6.2. The fair value of standing cane is determined by estimating the expected growth of the cane, the yield of the standing cane, the cane to sugar conversion ratio, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market as at the end of the reporting period. The assumptions for these key unobservable inputs used in determining fair value of the standing cane are shown below.

	31.03.19	**31.03.18**
Area under cane (hectares)	10 942	10 992
Yield (tons cane per hectare)	110.30	97.99
Average age at harvest (months)	12.5	11.7
Cane to sugar ratio	7.79	7.90

The sensitivity analyses below have been determined based on exposure to yield and cane prices for standing cane held at the end of the reporting period. A 5% increase or decrease is used when reporting yield and cane price risk internally to key management personnel and represents management's assessment of the reasonably possible change in yield and cane prices.

6. Biological assets (continued)

6.1 Standing cane sensitivity analysis (continued)

If yield had been 5% higher/lower and all other variables held constant, the Group's profit for the year ended 31 March 2019 would have decreased/increased by RTGS$4 567 072 (2018:RTGS$2 045 810) and if the cane price had been 5% higher/lower and all other variables held constant, the Group's profit for the year ended 31 March 2019 would have decreased/increased by RTGS$5 241 293 (2018:RTGS$2 406 710). There is no impact on other comprehensive income.

Variable factor	% Movement	5% decrease in profit RTGS$'000	5% Increase in profit RTGS$'000
Price	(-5%)/+5%	(5 241)	5 241
Yield	(-5%)/+5%	(4 567)	4 567
Combined	(-5%)/+5%	(9 808)	9 808

6.2 Fair value hierarchy for biological assets

The estimated fair values have been determined using available market information and approximate valuation methodologies.

	Valuation with reference to prices quoted in an active market Level 1 RTGS$'000	Valuation based on observable input Level 2 RTGS$'000	Valuation based on unobservable inputs Level 3 RTGS$'000	Total RTGS$'000
As at 31 March 2019				
Biological Assets				
Standing cane	-	-	91 341	91 341
Fruit orchards	-	-	286	286
Livestock	1 046	-	-	1 046
	1 046	**-**	**91 627**	**92 673**
As at 31 March 2018				
Biological assets				
Standing cane	-	-	35 793	35 793
Fruit orchards	-	-	413	413
Livestock	620	-	-	620
	620	**-**	**36 206**	**36 826**

Level 1 – biological assets that are valued according to unadjusted market prices for similar asset. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length basis.

Level 2 – biological assets that are valued using observable inputs, other than the market prices noted in the level 1 methodology. These inputs make reference to pricing of similar assets in an inactive market or by utilising observable prices and market related data.

Level 3 – biological assets that are valued using unobservable data, and requires management judgement in determining the fair value.

7. Trade and other receivables

7.1 Trade receivables

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Trade Receivables		
Sugar receivables	20 937	4 237
Molasses receivables	291	239
Allowance for credit losses	(2 290)	(2 217)
	18 938	**2 259**
Other Receivables		
Prepayments	20 990	2 378
VAT receivable	12 863	4 192
Staff receivables	159	77
Private farmers	3 364	7 039
Sundry (game, safari and citrus)	10 152	10 976
Allowance for credit losses	(4 341)	(5 666)
	43 187	18 996
Total trade and other receivables	**62 125**	**21 255**

The Group does not hold any other collateral or credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Group to the counter-party.

Trade and other receivables disclosed above are classified as financial assets measured at amortised cost. All the amounts are classified as current assets. Fair value of trade and other receivables approximates their amortised costs as disclosed in note 28.4.

The average credit period for sugar debtors is 7 days (2018:28days) with the average credit period for other debtors being 30 days. No interest is charged on trade receivables which are overdue and no security is held on any of the trade receivables disclosed above. Before accepting any new customer, the Group uses an internal credit review system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically by management.

7.2 Other receivables

Other receivables have been treated in accordance with IFRS 9, the same as trade receivables. Chiredzi Town Council has been disclosed separately and in detail because of the special credit terms tied to the receivable.

a) Chiredzi Town Council

Included in Trade and other receivables is a long outstanding gross amount of RTGS$1 054 043 (2018: RTGS$1 309 884) receivable from Chiredzi Town Council to whom the Group provides water purification services. The debt has been treated as any other debtor in accordance with IFRS 9. An impairment has been made against this debtor, on the basis of an agreement entered into between the Council and the Company whereby:

- the amount will be settled within a period of two years to 31 March 2021;
- interest is charged at 5% per annum in arrears of the balance remaining outstanding as at 31 March of any given year.

The assumptions are based on management's assessment of the local entity's willingness and ability to timeously liquidate its assets to settle this debt under the agreed terms.

7. Trade and other receivables (continued)

The calculations of the amount recoverable from Chiredzi Town Council and impairment applied thereof are shown below:

	31.03.19	31.03.18 Restated
Period of settlement	2 years	3 years
Expected credit loss rate	32%	29%
	RTGS$'000	RTGS$'000
Gross amount (before discount element)	1 054	1 310
Less: Impairment applied during the year	(340)	(390)
Net receivable	**714**	**920**

b) Private Farmers

Included in the private farmers receivable balance (inclusive of the company's 50% share of Mkwasine), is a total gross amount of RTGS$2 7671 922 (2018: RTGS$5 236 992) which is recoverable from private farmers for overpayments made in respect of Division of Proceeds (DoP). This amount is as a result of a retrospective adjustment for the periods 2014/15 and 2015/16, from an interim ratio of 82.65% : 17.35% to a revised ratio of 77% : 23% in favour of the private farmers. The adjustment was effected in the 2016/2017 financial year. The adjustment follows a directive issued by the Ministry of Industry and Commerce on 23 November 2016 per recommendations of the independent consultant (Ernst & Young). The directors are of the view that the full amount outstanding as at 31 March 2019 is recoverable within the remaining year. Impairment for the receivable amount has been treated in accordance with IFRS 9.

Cane dropping onto the carrier system

7. Trade and other receivables (continued)

7.2 Other receivables

The calculations for the amount recoverable from private farmers and impairment applied thereof are shown below:

	31.03.19	31.03.18 Restated
Period of settlement	1 year	2 years
Expected credit loss rate	36%	36%
	RTGS$'000	**RTGS$'000**
Net receivable - Hippo Valley Farmers	1 098	2 156
Gross amount (before discount element)	1 716	3 368
Less: Impairment	(618)	(1 212)
Net receivable—50% Company share of Mkwasine farmers	612	1 196
Gross amount (before discount element)	956	1 869
Less: Impairment	(344)	(673)
Total net receivable	**1 710**	**3 352**

7.3 Sale of receivables

Trade receivables at year end are disclosed net of any balance sold to a local financial institution. At 31 March 2019, the Group did not sell any rights to its trade receivables, (2018:RTGS$4 908 000).

7.4 Long-term receivables

	31.03.19 RTGS$'000	31.03.18 RTGS$'000 Restated
Long-term receivable	6 528	6 528
Allowance for credit losses	(838)	(838)
	5 690	**5 690**

The long-term receivable relates to the Group's 51.3% share of RTGS$11 333 808 receivable from a major customer under a special arrangement where interest of 7% is charged. The amount is repayable by 31 October 2021 and is secured by a RTGS$4 million bank guarantee and a pledge of shares in an operating company.

7.5 Risk profile of receivables

The directors of the Company always estimate the loss allowance on amounts due from customers at an amount equal to lifetime expected credit loss (ECL), taking into account the historical default experience and the future prospects of the sugar industry.

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status has been distinguished between the Group's different customer bases. The Group has also taken into account qualitative and quantitative reasonable and supportable forward looking information which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

7. Trade and other receivables (continued)

7.5 Risk profile of receivables

Expected credit loss notes for financial years ended 31 March 2018 and 31 March 2019

Customer segment	**Current**	**30 days**	**60 Days**	**90 Days and above**
Trade receivables	0.5%	5.0%	10.0%	39%
Sundry receivables	0.5%	5.0%	10.0%	35.2%
Private farmers receivables	0.5%	5.0%	10.0%	20.5%
Staff receivables	0.5%	5.0%	10.0%	30.0%
Long-term receivable	1%	1%	5%	5%

The risk profiles of the various customer segments are deemed not to be significantly different within the 0-60 day age brackets, wherein the amounts are largely expected to have been received. Post this period the risk profiles per customer segment differ based on their different historical and forward looking risk factors.

Table below reconciles the movement in the allowance for credit losses:

	As at 31.03.19 RTGS$'000	**As at 31.03.18 RTGS$'000 Restated**
Balance at the beginning of the year	7 883	1 395
Allowance for credit losses on receivables	(1 252)	6 488
Amounts recovered during the year	-	-
Balance at end of year	**6 631**	**7 883**

New development under Project Kilimanjaro

8. Inventories

	As at 31.03.19 RTGS$'000	As at 31.03.18 RTGS$'000 Restated
Stores	23 097	29 196
Sugar and by products	18 750	22 292
	41 847	**42 208**

The Group deducted stock provisions of RTGS$1 197 611 (2018: RTGS$568 522) to arrive at these numbers.

Molasses stocks, being a bi-product from the sugar production process are valued at net realisable value. The value of these stocks was RTGS$194 511 (2018: RTGS$77 137). There are no other stocks valued at net realisable value.

9. Capital and reserves

9.1 Authorised and issued share capital

The Company has an authorised share capital of 200 million shares with a nominal value of RTGS$0.08 each, of which 193 020 564 shares have been issued, at a total nominal value of RTGS$15 441 645.12.

9.2 Unissued share capital

In terms of an ordinary resolution dated 22 August 1990, the Directors are authorised to issue or dispose of all or any of the unissued share capital of the Company for an indefinite period upon such terms and conditions and with such rights and privileges attached thereto as they may determine, subject to the limitations of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange.

9.3 Non-distributable reserve

	Foreign currency translation reserve RTGS$'000	Other non-distributable reserve RTGS$'000	Total RTGS$'000
Balance at at 31 March 2017 (as previously reported)	(1 151)	128 804	127 653
Correction of prior period errors	-	(77 429)	(77 429)
Balance at 31 March 2017 (restated)	**(1 151)**	**51 375**	**50 224**
Exchange loss on translation of equity in foreign associated company net of tax	182	-	182
Deferred tax on post acquisition of foreign associated company	(86)	-	(86)
Revaluation of original investment	18	-	18
Revaluation of opening post acquisition reserves	250	-	250
Balance at 31 March 2018 (restated)	**(969)**	**51 375**	**50 406**
Exchange loss on translation of equity in foreign associated company net of tax	3 105	-	3 105
Deferred tax on post acquisition of foreign associated company	(521)	-	(521)
Revaluation of original investment	355	-	355
Revaluation of opening post acquisition reserves	3 271	-	3 271
Balance at 31 March 2019	**2 136**	**51 375**	**53 511**

The other non-distributable reserve arose as the net effect of restatement of assets and liabilities as at the change in functional currency from Zimbabwe dollars to United States dollars on 1 January 2009.

10. Deferred tax liabilities

	As at 31.03.19 RTGS$'000	As at 31.03.18 RTGS$'000 Restated
Balance at the beginning of the year	28 496	26 715
Transfer to retained earnings arising from actuarial gain on post retirement provision	(876)	(52)
Transfer to capital reserve arising from exchange gain on translation of equity in foreign associated company	521	86
Debit arising on originating temporary differences	20 310	1 747
Balance at the end of the year	**48 451**	**28 496**
Deferred tax comprises the tax effect of temporary differences arising from:		
Property, plant and equipment	30 395	52 451
Tax losses	-	(804)
Prepayments, provisions and exchange differences	(6 807)	(33 112)
Biological assets	23 863	9 483
Accumulated profit of foreign associated company	1 000	478
Balance at the end of the year	**48 451**	**28 496**

11. Trade and other payables

	As at 31.03.19 RTGS$'000	As at 31.03.18 RTGS$'000
Trade payables	39 119	9 417
Other payables	1 044	11 944
Payroll creditors	1 752	1 130
	41 915	**22 491**

Trade payables comprise amounts outstanding for trade purchases. The average credit period taken to settle trade purchases is 30 days. The majority of trade payables do not accrue interest. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors consider that the carrying amount of accounts payable approximates their fair value.

12 Provisions

12.1 Employee benefits provisions

Employee benefits provisions comprise of benefits, other than pension distributions, paid to employees on and during retirement. The Group recognises Post-retirement medical aid provision relating to a medical benefit which covers medical treatment costs incurred by eligible employees after retirement and a Retirement gratuity provision relating to an after-retirement social security benefit, provided to eligible employees by the Group on account of the services provided by them to the establishment. The liabilities are summarized as follows:

12. Provisions (continued)

12.1 Employee benefit provisions (continued)

	As at 31.03.19 RTGS$'000	As at 31.03.18 RTGS$'000
Post-retirement medical aid provisions (note 12.1.1)	3 313	1 544
Retirement gratuity (note 12.1.2)	4 949	3 193
	8 262	**4 737**

12.1.1 Post-retirement Medical Aid

The Group recognises a post-retirement medical aid provision relating to a medical benefit which covers medical treatment costs incurred by eligible employees after retirement. This unfunded liability is determined actuarially each year using the projected unit credit method. The most recent actuarial valuation of the obligation was carried out as at 31 March 2019 by qualified actuaries. Below is a reconciliation of the movement in the provision.

	As at 31.03.19 RTGS$'000	As at 31.03.18 RTGS$'000
Net liability at the beginning of year	**1 544**	**1 395**
Actuarial loss included in other comprehensive income :	**1 701**	**98**
From changes in financial assumptions	6	7
From changes in experience items during the year	1 695	91
Net expense recognized in profit and loss	**145**	**125**
Current service cost	52	52
Interest cost	93	73
Less benefits paid during the year	(77)	(74)
Net liability at the end of the year	**3 313**	**1 544**
The principal actuarial assumptions applied are:		
Discount rate	6.9%	6.00%
Health care cost inflation rate	5.4%	4.5%
Weighted average duration of the obligation	16.1 years	16.4 years

Sensitivity analysis (based on varying individual input)

12. Provisions (continued)

12.1.1 Post-retirement Medical Aid (continued)

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Sensitivity of discount rates:		
1% increase in trend rate - decrease in the aggregate of the service and interest costs	(21)	(11)
1% increase in trend rate - decrease in the obligation	(441)	(211)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	28	14
1% decrease in trend rate - increase in the obligation	566	272
Sensitivity of healthcare cost trend rates:		
1% increase in trend rate - increase in the aggregate of the service and interest costs	28	14
1% increase in trend rate - increase in the obligation	568	273
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	(21)	(11)
1% decrease in trend rate - decrease in the obligation	(450)	(215)
Estimated contributions payable in the next financial year	**167**	**78**

Key risks associated with the post-retirement medical aid obligation:

i) Higher than expected inflation (to which medical cost/contribution increases are related)
ii) "Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for.
iii) Longevity – pensioners (and their dependents) living longer than expected in retirement.
iv) Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the Group.

12.1.2 Retirement gratuity

The Group recognises a Retirement gratuity provision relating to an after-retirement social security benefit, provided to eligible employees by the Group on account of the services provided by them to the establishment. This unfunded liability is determined actuarially each year using the projected unit credit method. The most recent actuarial valuation of the obligation was carried out as at 31 March 2019 by qualified actuaries. Below is a reconciliation of the movement in the provision.

12. Provisions (continued)

12.1.2 Retirement gratuity (continued)

	As at 31.03.19 RTGS$'000	As at 31.03.18 RTGS$'000
Net liability at the beginning of year	**3 193**	**3 050**
Actuarial loss included in other comprehensive income :	**1 756**	**105**
From changes in financial assumptions	250	3
From changes in experience items during the year	1 506	102
Net expense recognized in profit and loss	**355**	**313**
Current service cost	163	160
Interest cost	192	153
Less benefits paid during the year	(355)	(275)
Net liability at the end of the year	**4 949**	**3 193**
The principal actuarial assumptions applied are:		
Discount rate	6.9%	6.0%
Salary inflation rate	4.9%	3.5%
Weighted average duration of the obligation	10.9 years	10.6 years

Sensitivity analysis (based on varying individual input)

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Sensitivity of discount rates:		
1% increase in trend rate - decrease in the aggregate of the service and interest costs	(20)	(10)
1% increase in trend rate - decrease in the obligation	(469)	(293)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	21	10
1% decrease in trend rate - increase in the obligation	557	346
Sensitivity of salary inflation trend rates:		
1% increase in trend rate - increase in the aggregate of the service and interest costs	78	47
1% increase in trend rate - increase in the obligation	563	353
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	(67)	(39)
1% decrease in trend rate - decrease in the obligation	(483)	(301)
Estimated contributions payable in the next financial year	**521**	**412**

12. Provisions (continued)

12.1.2 Retirement gratuity (continued)

Key risks associated with the post-retirement medical aid obligation:

i) Higher than expected inflation (to which salary increases are related).
ii) "Real" salary increases (i.e. above price inflation) turns out higher than allowed for.
iii) Large number of early retirements (normal or ill health) bringing forward gratuity payments.
iv) Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).
v) Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the Group.

12.2 Leave pay and other provisions

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Balance at the beginning of the year	4 721	3 431
Increase during the year	4 940	1 290
Balance at the end of the year	**9 661**	**4 721**

12.3 Provisions for decommissioning costs

The main resources of the Group are land and its sugar production facilities. The Directors have always pursued a policy of annual planned maintenance and renewal of the sugar production facilities. In addition to this, it is the policy of the Group to carry out sound and proven agricultural practices that do not result in the loss of the income generating capability of the land. Accordingly, it is the opinion of the Directors that the Group's resources are completely renewable and do not have a finite life. No provision has therefore been made for decommissioning costs as specified by International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" as this event is unlikely to occur.

13. Borrowings and trade finance

13.1 Borrowings

Unsecured - at amortised cost	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Loans from:		
- First Capital Bank (i)	17 547	-
- Triangle Limited (ii)	22 299	10 622
- CBZ Bank Limited (iii)	1 436	145
- African Banking Corporation of Zimbabwe Limited (Banc ABC) (iv)	7 231	-
- Stanbic Bank of Zimbabwe Limited (v)	8 056	-
- Standard Chartered Bank Zimbabwe Limited (vi)	-	1 518
	56 569	**12 285**
Short term	56 569	12 285
Long term	-	-
	56 569	**12 285**

13. Borrowings and trade finance (continued)

13.1 Borrowings (continued)

Summary of borrowing arrangements

(i) The facility consists of a short term renewable loan bearing interest of 7.5% per annum (2018: 7.5% per annum) and a short term loan denominated in RTGS$ bearing interest of 8% per annum (2018: Nil).
(ii) The short term renewable loan is repayable to a related party of the Group. Interest of 8% per annum (2018: 8% per annum) is charged on the outstanding loan balances at year end.
(iii) The overdraft facility is renewable annually and bears interest of 7.5% per annum (2018: 7.5% per annum).
(iv) The overdraft facility is renewable annually and bears interest of 6.5% per annum (2018: 8.5% per annum).
(v) The overdraft facility is renewable annually and bears interest of 6.5% per annum (2018: 6.5% per annum).
(vi) The facility consist of short term renewable loans repayable within 180 days bearing interest of 7.5% per annum (2018: 6.5% per annum) and an overdraft portion renewable annually bearing interest of 7% per annum (2018: 7%)

13.2 Trade finance

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Financing from:		
- Bulk sugar sale (i)	-	24 114
- Sale of receivables (ii)	-	6 036
	-	**30 150**

Summary of trade finance arrangements:

(i) Balance relates to proceeds received from the bulk sale of sugar to a third party customer financed by a financial institution. At year end the Group continued to retain significant control over the physical sugar stocks in terms of an agency agreement and physical delivery to the end customer had not taken place. Consequently revenue was not recognised and proceeds received are classified as trade finance. The sale which was with recourse in favour of the customer was at a price discount of 1.3% translating to an effective annual interest rate of 10.6%.

(ii) Balance relates to proceeds received from the sale of trade receivables to a local financial institution at year end. As the arrangement was with recourse in favour of the financial institution, it is in substance a financing arrangement. Consequently, at year end the proceeds received therefrom have been classified as a trade finance liability . The sale which was with recourse in favour of the financial institution was at a discount of 0.9% translating to an effective interest rate of 9.1% per annum.

13.3 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes where applicable. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	31.03.18 RTGS$'000	Financing cash flows (i) RTGS$'000	Non cash changes RTGS$'000	31.03.19 RTGS$'000
Bank loans	31 813	(7 603)	10 060	34 270
Loans from related parties (note 23.1)	10 622	11 677	-	22 299
	42 435	**4 074**	**10 060**	**56 569**
Trade finance	**30 150**	**(30 150)**	**-**	**-**

13. Borrowings and trade finance (continued)

13.3 Reconciliation of liabilities arising from financing activities (continued)

i) The cash flows from bank loans and loans from related parties make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

14. Operating profit

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000 Restated
Turnover		
Revenue	244 890	159 017
Fair value gain on biological assets	55 847	3 914
	300 737	**162 931**
Cost of sales	189 539	123 262
Agricultural and mill chemicals	8 236	5 063
Cane purchases	65 903	50 334
Depreciation and amortisation	8 870	8 230
Staff costs	32 112	29 176
Maintenance and other direct production costs	74 418	30 459
Administration costs	28 031	29 216
Audit fees - external	469	232
- internal	143	134
Depreciation and amortisation	618	734
Staff costs	17 565	16 760
Impairment losses on financial assets	(1 252)	1 961
Maintenance and other administration costs	10 488	9 395
Reversal of impairment loss on property, plant and intangible assets	(35 113)	-
Loss on disposal of property, plant, equipment and intangible assets	4 017	185
Exchange loss/(gain)	1 756	(237)
Other sundry income	(1 105)	(618)
Net operating costs	**187 125**	**151 808**
Operating profit	**113 612**	**11 123**

14.1 Revenue

The Group and company have assessed that the disaggregation of revenue by operating segments as detailed in note 24 is appropriate in meeting the revenue disaggregation disclosure requirements of IFRS 15: Revenue from contracts with customers, as this is the information regularly reviewed by the Chief Executive Officer (being the chief operating decision maker) in order to evaluate the financial performance of the Group. There are no unsatisfied performance obligations at 31 March 2019 (2018: nil) as all revenues from the sale of the Group's products are considered to be satisfied by a single performance obligation.

15. Net finance charges

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
Interest received	1 085	16
Interest paid - loans	(7 793)	(4 706)
	(6 708)	**(4 690)**

16. Income tax expense

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
16.1 Income tax expense		
Income tax expense		
Normal tax	(14 405)	(194)
Current year normal tax	(10 943)	-
Prior Year normal tax	(3 462)	(194)
Movement in deferred taxation	(20 310)	(1 750)
Movement in current year deferred taxation	(19 955)	(1 781)
Transfer to non-distributable reserve	521	86
Transfer from retained earnings	(876)	(52)
Charged to group statement of profit or loss	**(34 715)**	**(1 941)**
16.2 Reconciliation of tax rate	%	%
Gross tax rate	25.75	25.75
Tax effect of prior year tax under-provision	1.3	2.62
Tax effect of associate results reported net of tax	(1.68)	(3.37)
Tax effect of Income exempt from tax	(1.90)	(3.82)
Tax effect of expenses not deductible for tax purposes	2.52	5.05
Effective tax rate	**25.99**	**26.23**

Tax effect of prior year tax under-provision relates to income tax on technical fees subsequently disallowed for tax purposes.

Expenses not deductible for tax purposes comprise donations, entertainment, technical fees, 2% Intermediated Transfer Tax, penalties and fines.

16.3 Contingent tax liabilities

16.3.1 VAT on 'milling services'

During the current financial year the Company was issued with assessments amounting to RTGS$11.4 million by the Zimbabwe Revenue Authority (ZIMRA) for alleged failure to collect and remit VAT on 'milling services' on payments to farmers. ZIMRA is of the view that the Company mills the sugar cane on behalf of the farmers and hence should charge output VAT for the services being provided. The Company lodged an objection in respect of the assessments with the Commissioner General for which a determination is awaited. Subsequent to the end of the reporting period the Company has agreed to a no-prejudice payment plan of the amount while awaiting final determination by the Commissioner or the Courts should the Commissioners' determination not be favourable to the Company.

16. Income tax expense (continued)

16.3.1 VAT on 'milling services' (continued)

The Company has not recognised a liability, in respect of the assessed amount as the directors, having been advised by legal counsel, are of the view that the Company's grounds of objection are strong enough to secure a reversal of the assessments. As a consequence of the foregoing, the principal amount paid to date has been recorded as a receivable, subsequent to year end.

16.3.2 Transfer pricing

The sugar industry's marketing arm, Zimbabwe Sugar Sales (Private) Limited (ZSS) in which the Company has a 50% interest (see note 3.2), operates on a non-profit basis with all net proceeds being distributed amongst the industry players, namely the sugar cane farmers and millers. ZSS has therefore not been liable for income tax, as the income was taxed in the hands of the respective industry players. Citing transfer pricing provisions, ZIMRA issued to ZSS tax assessments amounting to RTGS$32.8 million (Company's 50% share of RTGS$16.4 million) in relation to income tax on sales commission deemed chargeable to the millers by ZSS for sales and marketing services for tax years 2009 to 2015. ZIMRA disallowed the Company's objection against the assessments and the Company subsequently lodged an appeal with the Fiscal Court whose determination is still pending.

The Company has not recognised a liability, in respect of the assessed amount as the directors, having been advised by legal counsel, are of the view that the Company's grounds of objection are strong enough to secure a reversal of the assessments. As a consequence of the foregoing, the principal amount paid to date has been recorded as a receivable, subsequent to year end.

17. Earnings per share

Earnings per share is calculated as below. Basic and diluted earnings for the Group are equal.

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
Profit for the year	73 776	5 462
Headline earnings	42 680	5 791
Weighted average number of shares in issue (shares)	193 021	193 021
Basic and diluted earnings per share (RTGS cents)	38.2	2.8
Headline earnings per share (RTGS cents)	22.1	3.0

18. Dividends

The Directors declared a dividend (No 46) of 2 cents per share for the year ended 31 March 2018 payable on or about 1 November 2018 to Shareholders registered in the books of the Company at the close of business on 1 October 2018. The following is a reconciliation of the declared dividend.

18. Dividends (continued)

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
Dividend declared	3 860	-
Dividend paid	(3 397)	-
Foreign dividend not yet paid	**463**	-
Exchange loss on outstanding foreign denominated dividend	931	-
Dividend payable	**1 394**	**-**

19. Notes to the group statement of cash flows

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
19.1 Cash generated from operations		
Profit before tax	108 491	7 403
Depreciation and amortisation	9 488	8 963
Reversal of impairment loss on property, plant and intangible assets	(35 113)	
Exchange loss on foreign denominated dividend	931	-
Net movement in post retirement provisions	123	89
Gross movement in provisions	3 525	292
Movement attributable to reserves	(3 402)	(203)
Loss on disposal of property, plant and equipment	4 017	370
Fair value gain on biological assets	(55 847)	(3 914)
Net finance charges	6 708	4 690
Share of associate companies' profit	(1 587)	(970)
	37 211	**16 631**
19.2 Changes in working capital		
Increase in inventories	361	530
Increase in accounts receivables	(40 869)	(1 533)
Increase in accounts payable	20 643	12 664
Increase in leave pay and other provisions	3 720	1 291
	(16 145)	**12 952**
19.3 Proceeds on disposal of property, plant, equipment and intangibl assets		
Carrying amount of property, plant, equipment and intangible assets disposed	4 052	370
Loss on disposal of property, plant, equipment and intangible assets	(4 017)	(370)
	35	**-**

20. Directors' emoluments

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
In respect of services as Directors	531	94
In respect of managerial services	1 708	1 764
Audit committee fees	24	25
	2 263	**1 883**

21. Employee benefit expense

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000
Wages and salaries	40 886	40 007
Pension cost – defined contribution plans	4 628	3 983
Other employee benefits	4 162	1 748
	49 676	**45 738**

22. Borrowing powers

In terms of Article 89 of the Articles of Association as amended at the extraordinary general meeting held on 20 April 2002, the borrowing power of the Company is limited to a maximum amount equal to half the shareholders' funds comprising issued capital, share premium, non-distributable reserves and distributable reserves.

23. Related party transactions and balances

Sugar revenue which constitutes approximately 92% of the Group revenue is derived from sales made on behalf of the Group by Zimbabwe Sugar Sales (Private) Limited in which the Group has a 50% shareholding (note 3.2). A total amount of RTGS$197 351 000 (2018: RTGS$132 533 000) was received from ZSS in respect of sugar assets.

23.1 Balances between the Group and related parties as at 31 March are shown below:

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Trade accounts receivables/(payables):		
NCPDZ-Associate Company	379	358
Tongaat Hulett Botswana (Proprietary) Limited - Associate Company	-	27
Tongaat Hulett Limited (Tongaat Hulett) - Parent Company	(18 217)	(9 400)
Borrowings:		
Triangle Limited	**22 299**	**10 622**

23.2 Transactions between the Group and related parties are shown below:

	Year ended 31.03.18 RTGS$'000	Year ended 31.03.17 RTGS$'000
Triangle Limited		
- Sales	5 968	2 932
- Operating expenses	(1 655)	(993)
- Interest	(761)	(2 128)
- Directors’ fees	(56)	(59)
	3 496	**(248)**
Tongaat Hulett		
- Technical services fees	(3 661)	(2 766)

Tongaat Hulett provides specialized technical services towards the maintenance of the mill and the agricultural units focused on production enhancement. In addition, Tongaat Hulett facilitates purchase of inputs from South Africa on behalf of the Group as part of the Group's initiative to derive synergistic benefits and internal economies of scale. These purchases are conducted at arms' length.

Sales to Associated Companies

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
- NCPDZ	449	505
- Tongaat Hulett Botswana (Proprietary) Limited	3 419	3 102
	3 868	**3 607**

23. Related party transactions and balances (continued)

23.3 Compensation to key members of management

	RTGS$'000	RTGS$'000
Short-term benefits	2 779	3 020
Post-employment benefits	248	293
	3 027	**3 313**

The remuneration of Directors and key executives is determined based on the remuneration policy detailed in the Corporate Governance statement.

24. Segmental reporting

IFRS 8 "Operating Segments"

The Group has two major operating segments, namely Agriculture and Milling. Other smaller segments which are individually immaterial are aggregated into the Gaming and other Farming Activities segment. The reportable segments are identified based on the structure of information reported to the Group's Chief Executive Officer (the Chief Operating Decision - Maker) for performance measurement and resource allocation purposes. Agriculture deals mainly with the planting, maintenance, harvesting and haulage of cane to the mill. Milling deals mainly with the crushing of cane and subsequent production of sugar and its by-products. Gaming and other farming activities have been aggregated into a single operating segment on the basis that they are auxiliary activities to the group which individually and in aggregate do not contribute more than 10% of the Group's total revenue. These activities which are of a similar nature mainly deal with game hunting and fishing, citrus fruits and cattle ranching. All these segments operate their activities in Chiredzi. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the statement of comprehensive income.

Current assets and total liabilities are not allocated to segments, as working capital and financing are driven by a central treasury function, which manages the cash position of the Group. Information provided regularly to the Chief Executive officer (Chief Operating Decision - Maker) does not separate these elements into different segments.

Segment information for the reportable segments for the year ended 31 March 2019 is as follows:

	Agriculture 31.03.19 RTGS$' 000	Milling 31.03.19 RTGS$' 000	Gaming and other farming activities 31.03.19 RTGS$' 000	Total 31.03.19 RTGS$' 000
Total segment revenue	148 701	243 577	2 008	394 286
Inter segment revenue	(93 153)	-	(396)	(93 549)
Fair value gain on biological assets	(55 548)	-	(299)	(55 847)
Revenue from external customers	**-**	**243 577**	**1 313**	**244 890**
EBITDA	105 643	21 252	(3 795)	123 100
Depreciation and amortisation	(8 481)	(3 613)	2 606	(9 488)
Operating profit/(loss)	**97 162**	**17 639**	**(1 189)**	**113 612**
Total non-current assets	**109 371**	**19 104**	**916**	**129 391**

24. Segmental reporting (continued)

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	31.30.19 RTGS$'000
Segment non-current assets for reportable segments	129 391
Long term receivables	5 690
Unallocated: Investments in associated companies	7 092
Total non-current assets per statement of financial position	**143 173**

Included in revenues arising from direct sales by the milling segment are revenues of approximately RTGS$21 439 109 (2018: RTGS$16 770 676) realised from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue in 2019.

Segment information for the reportable segments for the year ended 31 March 2018 is as follows:

	Agriculture 31.03.18 RTGS$' 000 Restated	Milling 31.03.18 RTGS$' 000 Restated	Gaming and other farming activities 31.03.18 RTGS$' 000 Restated	Total 31.03.18 RTGS$' 000 Restated
Total segment revenue	58 425	161 509	(2 148)	217 786
Inter segment revenue	(54 571)	-	(284)	(54 855)
Fair value gain on biological assets	(3 854)	-	(60)	(3 914)
Revenue from external customers	**-**	**161 509**	**(2 492)**	**159 017**
EBITDA	20 115	3 827	(3 856)	20 086
Depreciation and amortisation	(8 918)	(3 142)	3 097	(8 963)
Operating profit/(loss)	**11 197**	**685**	**(759)**	**11 123**
Total non-current assets	**81 937**	**15 441**	**623**	**98 001**

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	31.03.18 RTGS$'000 Restated
Segment non-current assets for reportable segments	98 001
Long term receivables	5 690
Unallocated: Investments in associated companies	3 820
Total non-current assets per statement of financial position	**107 511**

25. Directors' shareholdings

Ordinary shares held by Directors	Number of shares held 31.03.19	Number of shares held 31.03.18
J G Hudson	-	-
R D Aitken	-	-
D L Marokane	-	-
S D Mtsambiwa	100	100
A Mhere	-	-
L R Bruce	100	100
S G Nhari	700	700
J E Chibwe	-	-
N Kudenga	-	-
J P Maposa	100	100
S L Slabbert	-	-
P H Staude	-	-
M H Munro	-	-
Total Directors' shareholding	**1 000**	**1 000**

26. Capital expenditure commitments

	31.03.19 RTG$'000	31.03.18 RTGS$'000
Commitments for capital expenditure		
Contracted for	1 452	3 908
Authorized but not contracted for	22	98
	1 474	**4 006**

The capital expenditure will be financed from the Group's resources and existing facilities.

27. Going concern

27.1 Introduction

The IFRS Conceptual Framework states that going concern is an underlying assumption in the prepara-tion of IFRS financial statements of the Group. The financial statements presume that an entity will continue in operation in the foreseeable future or, if that presumption is not valid, disclosure and a different basis of reporting are required. The Directors believe that as of the date of this report, this presumption is still appropriate and accordingly the financial statements have been prepared on the going concern basis. IAS 1, Preparation of Financial Statements, requires management to make an as-sessment of the Group's ability to continue as a going concern. To this extent, IAS 1 states that when management is aware, in making its assessment, of material uncertainties related to events or condi-tions that may cast significant doubt upon the entity's ability to continue as a going concern, such un-certainties should be disclosed. In conducting this assessment, management have taken into consideration the following factors:

27.1.1 Land acquisition

The full 4 979 hectares of Mkwasine arable land was allocated to private farmers and its value derecognised from the statement of financial position in prior years. Focus continues to be on the restoration of cane production by the private farmers through provision of extension services by the Mkwasine consortium partners, Hippo Valley Estates Limited and Triangle Limited.

In terms of the Land Acquisition Act (Chapter 20:10) and Constitutional Amendment No. 17 of 2005 the ownership of productive land to which the Group and Company have unfettered right of use, totaling 54 205 hectares is now vested in the State. In order to secure its assets and provide certainty of tenure, in February 2019, the Group and Company formally applied to the Government of Zimbabwe, for a 99-year lease on the designated agricultural land under their use, which lease is still to be formalized and finalized. Notwithstanding the derecognition of the land and the absence of a 99-year lease per note 30.8, the Directors are satisfied that the future economic benefits to be derived from the use of the Government acquired land will continue to flow to the Group and Company. Consequently, the Directors believe that the presentation of the financial statements on a going concern basis is still appropriate.

27.1.2 Milling License

The Group's milling license expired in prior years. Applications to renew the license were lodged with the relevant authorities and their response is still awaited. The Directors believe that despite the expired milling licence, and any related matters, the Group is able to continue operating as a going concern. The preparation of the Group's financial statements on a going concern basis is therefore still appropriate.

28. Financial instruments

28.1 Group risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through an appropriate debt and equity balance. The Group's strategy remains relatively unchanged from 2018. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 13, cash and cash equivalents and equity comprising issued share capital, non-distributable reserves and retained earnings as disclosed in the financial statements.

28.1.1 Gearing ratio

The Board reviews the capital structure on an ongoing basis depending on the emerging needs of the Group. The borrowing powers are detailed in note 22. The gearing ratio at end of year was 27.05% (2018:23.43%), calculated as shown below.

	31.03.19 RTGS$'000	31.03.18 RTGS$'000 Restated
Debt (i)	56 569	42 435
Cash and bank balances	(19 470)	(9 233)
Net debt	**37 099**	**33 202**
Equity (ii)	184 910	114 415
Debt plus Equity	156 850	241 479
Gearing ratio	**27.05%**	**23.43%**
Net debt to equity ratio	**20.06%**	**29.02%**

(i) Debt is defined as long-term and short-term borrowings, as described in note 13.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

28.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in significant accounting policy note 6 to the financial statements.

28. Financial instruments (continued)

28.3 Categories of financial instruments

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
Financial assets		
Amortised cost		
Cash and cash equivalents	19 470	9 233
Financial assets in trade and other receivables	28 272	14 685
Total trade and other receivables (note 7)	62 125	21 255
Less: Prepayments	(20 990)	(2 378)
VAT	(12 863)	(4 192)
	47 742	**23 918**
Financial liabilities		
Amortised cost		
Trade and other payables (note 11)	41 915	22 491
Borrowings (note 13)	56 569	42 435
	98 484	**64 926**

28.4 Fair value of financial instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Group currently does not hold any other forms of financial instruments.

28.5 Financial risk management objectives

The Board through the Audit Committee and in conjunction with relevant senior management manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk including currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk as well as ancillary risks such as political risk.

In a rapidly changing environment such as Zimbabwe, these risks are managed on an on-going basis. The Group does not enter into or trade in financial instruments for speculative purposes.

28.6 Market risk

The Group's activities expose it primarily to financial risk of interest rates and changes in foreign currency exchange rates.

28.7 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rates and where possible borrowing at concessionary rates below that of inflation. Details of the interest rates on the Group's short term liabilities are provided in note 13.

28.7.1 Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities held at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

28. Financial instruments (continued)

28.7.1 Interest rate sensitivity analysis (continued)

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2019 would have decreased/increased by RTGS$18 195 (2018: decreased/increased by RTGS$30 397). There is no impact on other comprehensive income.

28.8 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not use forward exchange contracts to hedge its foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		**Assets**	
	31.03.19 RTGS$'000	**31.03.18 RTGS$'000**	**31.03.19 RTGS$'000**	**31.03.18 RTGS$'000**
United States Dollar (US$)	15 060	-	3 017	-
South African Rand (ZAR)	18 787	3 937	26	3 326
	33 847	**3 937**	**3 043**	**3 326**

US$ became a foreign currency effective 22 February 2019 (See accounting policy note 1.1)

28.8.1 Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of South Africa (ZAR) and the United States of America (US$).

The following table details the Group's sensitivity to a 10% increase and decrease in the RTGS$ exchange rate against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as where the denomination of the loan is in a currency other than the RTGS$. A positive number below indicates an increase in profit and other equity where the RTGS$ strengthens by 10% against the relevant currency. For a 10% weakening of the RTGS$ against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	US$ Impact (Decrease)/Increase		**ZAR Impact (Decrease)/Increase**	
	31.03.19 RTGS$'000	**31.03.18 RTGS$'000**	**31.03.19 RTGS$'000**	**31.03.18 RTGS$'000**
Change by 10%				
Statement of comprehensive income	1 204	-	3 080	447

28. Financial instruments (continued)

28.8.2 Change in functional currency sensitivity analysis

Below is a sensitivity analysis performed at various US$: RTGS$ rates on major elements of the statement of financial position as at 31 March 2019.

	Monetary Assets/ Liabilities Nostro FCA RTGS$000	Non-Monetary and Monetary Asset/ Liabilities RTGS$000	Total RTGS Dollar at 31.03.19 interbank rate of 1:3.012[1] RTGS$000	Total RTGS Dollar at 31.03.19 alternative market rate of 1:5[2] RTGS$000	Total RTGS at 31.07.19 interbank rate of 1:16.5[3] RTGS$000
Property, plant and equipment	-	126 517	126 517	126 517	126 517
Intangible Assets	-	2 874	2 874	2 874	2 874
Investments in associated companies	-	7 092	7 092	7 092	7 092
Long term receivables	-	5 690	5 690	5 690	5 690
Biological assets	-	92 673	92 673	92 673	92 673
Inventories	-	41 847	41 847	41 847	41 847
Trade and other receivables	-	62 125	62 125	62 125	62 125
Cash and cash equivalents	1 010	16 428	19 470	21 478	33 137
Total Assets	**1 010**	**355 246**	**358 288**	**360 296**	**371 955**
Issued capital	-	15 442	15 442	15 442	15 442
Non-distributable reserves	-	53 511	53 511	53 511	53 511
Retained earnings	-	115 957	115 957	106 728	53 150
Deferred tax liabilities	-	48 451	48 451	48 451	48 451
Provisions	-	17 923	17 923	17 923	17 923
Trade and other payables	189	41 346	41 915	42 291	44 473
Borrowings	5 000	41 509	56 569	66 509	124 228
Dividend payable	463	-	1 394	2 315	7 651
Current tax liability	-	7 126	7 126	7 126	7 126
Total Equity and Liabilities	**5 652**	**341 265**	**358 288**	**360 296**	**371 955**

1. Official interbank rate used at year end, that is 31 March 2019.
2. Alternate market rate at year end, that is 31 March 2019.
3. Official interbank rate at time of reporting, that is 13 December 2019.

28.9 Other price risks

The Group does not have exposure to equity price risk as it does not hold shares in any listed securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade in these investments.

28.10 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. This is managed by a separate marketing arm of the Sugar Industry - Zimbabwe Sugar Sales which largely sells to long established customers. The Group does not have any significant credit risk exposure.

28.11 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which approves the Group's short, medium and long term funding and liquidity management requirements as recommended by management from time to time. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

28. Financial instruments (continued)

28.11.1 Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Weighted average interest rate %	Less than 1 month RTGS$ '000	1 - 3 months RTGS$ '000	3 months to 1 year RTGS$ '000	1 - 5 years RTGS$ '000	Total RTGS$ '000
31.03.19						
Non-interest bearing	-	41 915	-	-	-	41 915
Fixed rate loans						
Stanbic	6.5	-	-	8 057	-	8 057
Triangle Limited	8	-	-	22 299	-	22 299
CBZ Bank	7.5	-	1 436	-	-	1 436
First Capital Bank	7.5	-	-	2 486	-	2 486
First Capital Bank - US$	8	-	-	15 060	-	15 060
Banc ABC	6.5	-	7 231	-	-	7 231
		41 915	**8 667**	**47 902**	**-**	**98 484**

	Weighted average interest rate %	Less than 1 month RTGS$ '000	1 - 3 months RTGS$ '000	3 months to 1 year RTGS$ '000	1 - 5 years RTGS$ '000	Total RTGS$ '000
31.03.18						
Non-interest bearing	-	22 491	-	-	-	22 491
Trade finance (note 30.1)						
Bulk sugar sale	1.3	-	-	24 114	-	24 114
Sale of receivables	9.1	-	-	6 036	-	6 036
Fixed rate loans						
Triangle Limited	8	-	-	10 622	-	10 622
Standard Chartered Bank	6	-	1 518	-	-	1 518
CBZ Bank	7.5	-	145	-	-	145
		22 491	**1 663**	**40 772**	**-**	**64 926**

28. Financial instruments (continued)

28.11.2 Financial facilities

Unsecured loan facilities with various maturity dates through to 31 March 2018 and which may be extended by mutual agreement.

	31.03.19 RTGS$'000	31.03.18 RTGS$'000
First Capital Bank		
- amount used	17 547	-
- amount unused	513	8 000
	18 060	**8 000**
Standard Chartered Bank		
- amount used	-	1 518
- amount unused	7 200	5 682
	7 200	**7 200**
Triangle Limited		
- amount used	22 299	10 622
	22 299	**10 622**
CBZ Bank		
- amount used	1 436	145
- amount unused	6 064	7 355
	7 500	**7 500**
CABS		
- amount used	-	-
- amount unused	9 000	9 000
	9 000	**9 000**
Stanbic Bank		
- amount used	8 057	
- amount unused	11 443	19 500
	19 500	**19 500**
Banc ABC		
- amount used	7 231	30 150
- amount unused	7 769	(15 150)
	15 000	**15 000**
Total facilities available	**98 559**	**76 822**
Analysed as follows:		
- total amount used	56 569	42 435
- total amount unused	41 990	34 387

29. Events after reporting date

On 21 June 2019 the Government of Zimbabwe issued a Statutory instrument (SI) 142 which removed the multi-currency regime and introduced one single currency for local transactions called the Zimba-bwean dollar (ZWL). References to the Zimbabwe dollar (ZWL) are coterminous with references to the RTGS Dollar (RTGS$), bond notes and coins, all of which are at par in value.

The Interbank Exchange rate between the US dollar and the RTGS dollar as at the date of the authorization of the financial statements has since increased from US$1: RTGS$3.012 at 31 March 2019 to the region of US$1: RTGS$16.5 as at the 13th December 2019. Year on year inflation which was 66.8% in March 2019 has since risen to an implied rate of over 481% as of November 2019. Conse-quently, the Public Accountants and Auditors Board has issued guidelines on the need for all Zimba-bwean entities reporting in Zimbabwean Dollars to apply the requirements of IAS 29 : Financial Re-porting in Hyperinflationary Economies with effect from 1 July 2019.

30. Correction of prior period errors

In addition to the restatements resulting from new and revised accounting standards (note 2) amended during the year, the Group identified and accounted for a number of prior period errors. In February 2019 Tongaat Hulett Limited ("THL"), the Group's ultimate parent company, commenced a comprehen-sive financial review of its previously reported financial information which identified certain historic accounting practices that required further examination. The THL Board appointed PriceWaterhouse-Coopers Service (Proprietary) Limited to conduct a forensic investigation into these accounting practices across the THL group network. In addition, the internal review was expanded to cover those accounting policies applied by the THL Group that did not form part of the scope of the forensic investigation.

The culmination of all the various processes identified a substantial number of prior period errors which have been corrected through the restatement of the annual financial statements. These errors extend back over a number of years and the cumulative correction has been reflected in the 31 March 2017 statement of financial position. To quantify the financial impact of the prior period errors, the Group had to establish the appropriate accounting treatment. The Group followed a comprehensive process whereby each accounting issue was documented, the existing accounting practice analysed and a suita-ble, IFRS compliant accounting policy established. All material accounting issues were robustly debated by management, its advisors and its external auditors to ensure a technically correct and commercially sensible accounting policy. The Group's Audit and Compliance Committees provided the necessary gov-ernance and oversight of the process, approving the revised accounting treatment and the related man-agement judgement involved in implementing the policy.

While details of the prior period errors identified and the specific effect on the financial statements are set out in the note, the following table summarises the financial impact of the restatements to correct the prior period errors.

30. Correction of prior period errors (continued)

Summary of prior period error adjustments

	Note	Restatement of profit for the year ended 31.03.18 RTGS$'000	Restatement of equity balance at 01.04.17 RTGS$'000 Restated
Revenue recognition			
Revenue – Bulk sale of sugar	30.1	447	(5 596)
Export sales	30.2	-	-
Cost clarification			
Property, plant and equipment - cane roots valuation	30.3	(1 110)	(8 302)
Deferred plant maintenance costs	30.4	(3 087)	(6 662)
Sugar stock valuation	30.5	197	(334)
Property, plant and equipment - critical spares	30.6	-	-
Capitalisation of costs	30.7	(352)	(66)
Asset recoverability			
Property, plant and equipment - land	30.8	603	(35 248)
Property, plant and equipment - valuation adjustment	30.9	524	(21 840)
Impairment of agriculture and milling assets	30.10	1 226	(28 560)
Sugar factory depreciation	30.11	(609)	(3 664)
Standing cane valuation	30.12	588	(1 155)
Standing cane valuation on occupied land	30.13	(1 155)	-
Game valuation	30.14	(424)	(3 017)
Impairment of receivables	30.15	(1 024)	(2 054)
Sale of receivables	30.16	-	-
Reclassification of receivables	30.17	-	-
Total adjustments		**(5 352)**	**(116 498)**

Sugar stacking before dispatch

30. Correction of prior period errors (continued)

30.1 IAS 18: Revenue - Bulk sale of sugar

The Group markets and distributes all its sugar through Zimbabwe Sugar sales (Private) Limited ("ZSS"), its joint operation with its fellow subsidiary Triangle Limited ("Triangle").

At the financial half year and year-ends, ZSS entered into a sales arrangement with a single counter-party to purchase the balance of the Group's sugar held in stock (c. 60 000 tons per transaction). The finance for transaction was provided by a financial institution and ZSS was directly involved in negoti-ating the key terms. The arrangement was priced at local market selling prices even though a substan-tial portion of the sugar at year-end was not of sufficient quality for sale into the local market and was ultimately sold at lower prices to local and export refiners for reprocessing. There is no physical move-ment of the sugar stocks and as part of the arrangement, ZSS was appointed as agent to sell the sugar on behalf of the counterparty. Furthermore, the Group only ever received 80% of the sales proceeds from the counterparty, owing to a restriction by the Reserve Bank of Zimbabwe on the level of security required for trade financing arrangements. In substance, the transaction was concluded to be a financ-ing arrangement secured by the sugar stocks.

The Group has therefore restated comparative information and, in terms of the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, applied this correction retrospective-ly, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correc-tion of the prior period error is detailed below.

30.1.1 **Impact of reversal of bulk sugar sale on the Group Statement of Profit or Loss and Other Comprehensive Income**

	Year ended 31.03.18 RTGS$'000
Decrease in revenue	(1 745)
Decrease in operating expenses	2 347
Increase in profit before tax	**602**
Increase in tax expense	(155)
Increase in profit for the year	**447**
Increase in basic and diluted earnings per share (RTGS cents)	0.2

30. Correction of prior period errors (continued)

30.1.2 Impact of reversal of bulk sugar sale on the Group Statement of Financial Position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in trade and other receivables	(6 128)	(5 820)
Increase in sugar inventories	19 878	18 079
Increase in trade finance	(20 685)	(19 745)
Decrease in deferred tax liability	1 786	1 941
Decrease in net assets	**(5 149)**	**(5 596)**
Decrease in retained earnings	(5 149)	(5 596)
Decrease in equity	**(5 149)**	**(5 596)**

30.2 Revenue - Pre-shipment of export sales

The Group, through ZSS, entered into an arrangement with an export customer where the delivery of the sugar was deemed to take place inside the Group's warehouse. On this deemed date, the Group received the sales proceeds and recognised the export revenue. However, in terms of the agreement the Group retained the risks of ownership up to the point that the sugar was delivered to port. The agreement also had a two-tier discount, with one discount being variable with time and which was in effect a financing cost. Consequently, the transaction was concluded to be a financing arrangement secured by the sugar stocks. The recognition of revenue has been delayed until the point of delivery to the customer at the port and the sales proceeds received prior to the financial year-end have been reclassified to a trade finance liability. As export sugar stock was reflected at net realisable value, there is no impact on profits. The reclassification has been adjusted retrospectively, effective the be-ginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30.2.1 Impact of reclassification of pre-shipment export sales on the Group Statement of Profit or Loss and Other Comprehensive Income

The reclassification of pre-shipment export sales has had no impact on the Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018.

30.2.2 Impact of reclassification of pre-shipment export sales on the Group Financial Statement

	As at 01.04.017 RTGS$'000
Increase in inventories	3 665
Decrease in trade and other receivables	(261)
Increase in borrowings	(3 404)
Impact on net assets	**-**

30.3 IAS 16: Property, plant and equipment – Cane roots valuation

Cane roots being bearer plants are valued at cost less accumulated depreciation in accordance with the requirements of IAS 16: Property, plant and equipment. The cost of planting cane roots requires a degree of management judgement to determine the point to which costs are capitalised and what costs can be directly attributed to planting activities. The internal review of the policy identified the following:

- Certain of the agricultural overheads allocated and capitalised to cane roots were not directly attributable to getting the asset ready for its intended use, particularly as the overheads would be incurred irrespective of whether planting activities took place or not. The basis of allocating costs to planting activities was also

30. Correction of prior period errors (continued)

found to be broad. Examples of such allocated overheads include: road maintenance, vehicle maintenance (particularly as the vehicle intensive land preparation activities are outsourced), depreciation of all agricultural assets, water treatment and village maintenance costs.

- Generally, the Group capitalised costs up to the first watering of the roots. However, an inconsistent cut-off point for capitalising costs was applied for certain activities. For example, all agrochemicals required for farming the sugarcane for the season were included in the cost of planting cane roots and not just the agrichemicals necessary for replanting.

The Group has aligned with the ultimate parent company's policy of capitalising costs up until the point that the root in the furrow is covered. As a result, all post emergent agrochemicals have been excluded and a reduced quantum of agricultural overheads have been allocated to the planting activity. This has been adjusted by applying the correction retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30.3.1 Impact of correction of error on cane roots valuation on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Increase in roots depreciation	(1 495)
Decrease in profit before tax	**(1 495)**
Decrease in tax expense	385
Decrease in profit for the year	**(1 110)**
Decrease in basic and diluted earnings per share (RTGS cents)	(0.6)

30.3.2 Impact of correction of error on cane roots valuation on the Group Statement of Financial Position

	As at 31.03.18 RTGS$'000	**As at 01.04.17 RTGS$'000**
Decrease in roots costs	(21 273)	(16 756)
Decrease in roots accumulated depreciation	8 597	5 575
Decrease in deferred tax liability	3 264	2 879
Decrease in net assets	**(9 412)**	**(8 302)**
Decrease in retained earnings	(9 412)	(8 302)
Decrease in equity	**(9 412)**	**(8 302)**

30.4 Conceptual framework for financial reporting and IAS 16 - Deferred plant maintenance costs

While the agricultural operations occur year-round, the sugar milling season is split into two periods the first being a production period between April and December where sugarcane is harvested and milled. During the off-crop period between January and March, key plant and cane haulage vehicles undergo significant refurbishments to prepare them for the subsequent harvesting and milling season. The Group's accounting policy has been to defer these major plant overhaul costs as a current asset until the next financial year, after which the costs are amortised to profit or loss during the course of the subsequent production period. In implementing the policy, it was noted that all costs allocated to the milling activity incurred during the off-crop period were capitalised regardless of whether these were directly related to the maintenance of the key plant.

30. Correction of prior period errors (continued)

Although the Conceptual Framework ("the Framework") for financial reporting does allow matching of costs with revenues (e.g. revenue received for the sale of goods is matched with the cost of the inventory), the matching concept is not an objective of the Framework. The Framework does not allow the recognition in the balance sheet of items that don't meet the definition of an asset. As major plant overhaul costs are not expected to be used for more than one period and do not increase the future economic benefits originally expected, their capitalisation is not in compliance with IAS 16: Property, plant and equipment. Major plant maintenance costs are now charged directly to the statement of profit or loss in the financial period in which these costs are incurred.

Pursuant to the foregoing, the Group and Company have adjusted for this accounting treatment by applying the correction retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30.4.1 Impact of deferred plant maintenance costs reversal on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Increase in operating expenses	(4 158)
Decrease in profit before tax	**(4 158)**
Decrease in tax expense	1 071
Decrease in profit for the year	**(3 087)**
Decrease in basic and diluted earnings per share (RTGS cents)	(1.6)

30.4.2 Impact of deferred plant maintenance costs reversal on the Group Statement of Financial Position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in deferred plant maintenance costs	(13 131)	(8 973)
Decrease in deferred tax liability	3 382	2 311
Decrease in net assets	**(9 749)**	**(6 662)**
Decrease in retained earnings	(9 749)	(6 662)
Decrease in equity	**(9 749)**	**(6 662)**

30.5 IAS 2 Inventories - Sugar stock valuation

The Group values sugar stocks at the lower of cost or net realisable value in accordance with the requirements of IAS 2: Inventories. In prior financial periods the Group allocated an attributable portion of support services overhead costs "attracted by" the milling operations. At the time, it was management's view that these overheads were relevant to bringing the inventory to its intended location and condition, in determining the cost of sugar stocks. As a result of the financial review, the Group has reduced the allocation of overheads used in determining the cost of sugar stocks. Further-more, major plant overhaul costs previously capitalised are considered part of the sugar mills normal operating capacity and are included in the cost of the sugar stocks. This has been corrected retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30. Correction of prior period errors (continued)

30.5.1 Impact of correction of prior period error on sugar stocks on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Decrease in cost of sales	265
Increase in profit before tax	**265**
Increase in tax expense	(68)
Increase in profit for the year	**197**
Increase in basic and diluted earnings per share (RTGS cents)	0.1

30.5.2 Impact of correction of prior period error on sugar stocks on the Group Statement of Financial Position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in sugar inventories	(184)	(450)
Decrease in deferred tax liability	47	116
Decrease in net assets	**(137)**	**(334)**
Decrease in retained earnings	(137)	(334)
Decrease in equity	**(137)**	**(334)**

30.6 IAS 16: Property, plant and equipment – Critical spares

In terms of IAS 16: Property, plant and equipment, major spare parts, stand-by equipment and servicing equipment must be recognised as property, plant and equipment when they: are held for use in the production or supply or for administrative purposes; can be used only in connection with an item of property, plant and equipment; and are expected to be used during more than one period. Management makes use of judgement in this determination including the supposed purpose of the items, the estimated period of use, materiality and significance. The reclassification has been adjusted retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed as follows.

30.6.1 Impact of critical spares on the Group Statement of Profit or Loss and Other Comprehensive Income

The reclassification of critical spares has had no impact on the Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018.

30.6.2 Impact of reclassification of critical spares on the Group Statement of Financial Position

	As at 01.04.017 RTGS$'000
Increase in property, plant and equipment	329
Decrease in inventories	(329)
Impact on net assets	**-**

30. Correction of prior period errors (continued)

30.7 IAS 16 and 38: Capitalisation of labour costs

The Group implemented various capital projects where internal human resources were utilised in varying levels. Internal labour costs were capitalised to the assets associated to these projects which included both tangible and intangible assets. In terms of IAS 16 and IAS 38, only costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management should be capitalised. A review of the internal labour costs capitalised identified certain labour costs that were not directly attributable to the projects as the level of involvement of related personnel was not significant enough to warrant such capitalisation. The capitalisation of such labour costs has been reversed retrospectively effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed as below.

30.7.1 Impact of correction of prior period error on labour costs capitalised on the Group Statement of Profit or Loss and Other Comprehensive Income.

	Year ended 31.03.18 RTGS$'000
Increase in operating expenses	(474)
Decrease in profit before tax	**(474)**
Decrease in tax expense	122
Decrease in profit for the year	**(352)**
Decrease in basic and diluted earnings per share (RTGS cents)	(0.2)

30.7.2 Impact of correction of prior period error on labour costs capitalised on the Group Statement of Financial Position

	As at 31.03.18 RTGS$'000	**As at 01.04.17 RTGS$'000**
Decrease in intangible asset	(287)	(89)
Decrease in intangible asset accumulated depreciation	12	-
Decrease in property, plant and equipment	(288)	-
Decrease in deferred tax liability	145	23
Decrease in net assets	**(418)**	**(66)**
Decrease in retained earnings	(418)	(66)
Decrease in equity	**(418)**	**(66)**

30.8 IAS 16: Property, plant and equipment – Land

The Group owned 54 205 hectares of land under two title deeds, namely Hippo Valley North ("HVN") measuring 37 772 hectares and Hippo Valley South ("HVS") measuring 16 433 hectares. The carrying amount of the land of RTGS$13.5 million was determined with reference to it being grazing land. A further land-related asset (referred to as a cane development asset) totalling RTGS$30.1 million was recognised for the estimated difference in value between agricultural and grazing land. At 31 March 2017, the total carrying amount of land assets on Group's statement of financial position was RTGS$43.6 million. The Group holds the cost of all improvements on the land such as dams, canals, roads, irrigation equipment, fences, buildings as well as sugarcane roots as separate assets in terms of IAS 16.

30. Correction of prior period errors (continued)

In August 2003, notice of the Government's intention to acquire the HVN land in terms of the Land Acquisition Act (Chapter 20:10) ("the Act") was gazetted. Following the implementation of the Constitution of Zimbabwe Amendment No. 17 of 2005 ("the Constitution") and effective 8 July 2005, ownership of the HVN land measuring 37 772 hectares vested with the Government. Although the HVN land had effectively been disposed of, the Group continued to recognise the full carrying amount in the statement of financial position. While the continued recognition of the HVN land was based on the Directors' best judgement at the time and was aligned with the practice of other agricultural entities whose land had been similarly acquired, it was not consistent with the requirements of IAS 16 (paragraph 67). While the HVS land was never gazetted and the Group retained legal title, in terms of the constitution and the related land dynamics within the country, the HVS land should have been impaired in 2005.

Following a comprehensive review of the Group's financials, in the context of Tongaat Hulett Limited's financial review, and after obtaining a legal opinion on the implications of the Act and Constitution on the ownership of agricultural land, together with any entitlement to compensation, the Directors concluded that HVN and HVS land (and the related cane land development asset) do not meet the recognition criteria in terms of IAS 16. The Group have therefore corrected the accounting treatment of land by restating comparative information as a prior period error, consistent with the requirements of IAS 8, to comply with the requirements of IAS 16, effective the beginning of the earliest period presented, being 1 April 2017.

In February 2019, following an engagement with the Government over security of land tenure, the Group applied for 99-year leases over the 54 205 hectares on which it operates.

30.8.1 Impact of correction of prior period error on land on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Decrease in depreciation	812
Increase in profit before tax	**812**
Increase in tax expense	(209)
Increase in profit for the year	**603**
Increase in basic and diluted earnings per share (RTGS cents)	0.3

30.8.2 Impact of correction of prior period error on land on the Group Statement of Financial Position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in land asset	(13 524)	(13 524)
Decrease in cane land development asset	(37 279)	(37 279)
Increase in accumulated depreciation	7 922	7 110
Decrease in deferred tax liability	8 236	8 445
Decrease in net assets	**(34 645)**	**(35 248)**
Decrease in retained earnings	(40 527)	(40 527)
Increase in non-distributable reserve	5 882	5 279
Decrease in equity	**(34 645)**	**(35 248)**

30. Correction of prior period errors (continued)

30.9 IAS 16: Property, plant and equipment - 2009 Valuation adjustment

In January 2009, following the adoption of the United States Dollar as the Group's functional currency, all items of property, plant and equipment were revalued to depreciated replacement cost. The revaluation was done with reference to the then latest independent market valuation carried out by the Group in January 2006. This valuation was rolled forward to January 2009 taking into account the impact of the devaluation of the Zimbabwe Dollar as well as any additions and disposals of assets. The Group's assets were further adjusted for certain assumptions arising from a 2009 valuation done by Triangle. The carrying amount post these adjustments became the deemed cost, subsequent to which all property, plant and equipment is recorded at cost, less accumulated depreciation and any impairment losses. Following a review of the valuation process done at change in functional currency in 2009, the take on balances have been corrected to disregard the adjustments noted above as the Directors believe they resulted in an over valuation of the affected assets. The correction has been adjusted retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed as below.

30.9.1 Impact of correction of assets valuation adjustment on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Decrease in depreciation	705
Increase in profit before tax	**705**
Increase in tax expense	(182)
Increase in profit for the year	**524**
Increase in basic and diluted earnings per share (RTGS cents)	0.3

30.9.2 Impact of correction of asset valuation on the Group Statement of Financial position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in cost of property plant and equipment	(49 700)	(49 700)
Increase in accumulated depreciation	20 990	20 285
Decrease in deferred tax liability	7 393	7 575
Decrease in net assets	**(21 316)**	**(21 840)**
Decrease in non-distributable reserves	(36 902)	(36 902)
Increase in retained earnings	15 585	15 062
Decrease in equity	**(21 316)**	**(21 840)**

30.10 IAS 36: Impairment of agriculture and milling assets

At each reporting period, the Group tests whether its assets have suffered any impairment. The calculations use cash flow projections based on financial budgets approved by management and Directors covering a four-year period. As part of the financial review, errors were identified in the 2017 impairment test and a revised impairment test was performed as at 31 March 2017. The revised impairment test revealed an impairment loss that had not previously been identified at the time of reporting. Following the engagement of relevant experts on the subject matter, the Directors believe the assumptions applied in the revised impairment computations are more representative of the business and economic conditions that existed as at 31 March 2017. The impairment loss has been recognised retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed as below. Following the adoption of the RTGS$ in the 2019 financial year, the impairment has subsequently reversed.

30. Correction of prior period errors (continued)

30.10.1 Impact of correction of prior period error on impairment of agriculture and milling assets on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Decrease in depreciation	1 651
Increase in profit before tax	**1 651**
Increase in tax expense	(425)
Increase in profit for the year	**1 226**
Increase in basic and diluted earnings per share (RTGS cents)	0.6

30.10.2 Impact of correction of prior period error on impairment of agriculture and milling assets on the Group Statement of Financial position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Increase in accumulated depreciation and impairment losses	(36 813)	(38 465)
Decrease in deferred tax liability	9 479	9 905
Decrease in net assets	**(27 334)**	**(28 560)**
Decrease in retained earnings	(27 334)	(28 560)
Decrease in equity	**(27 334)**	**(28 560)**

30.11 IAS 16: Property, Plant & Equipment— Sugar Factory

The Group applies IAS 16: Property, plant and equipment to account for its property, plant and equipment. In terms of IAS 16, depreciation is charged systematically over the useful life of the asset, using a method that reflects the pattern of benefit consumption to its residual value. The depreciation methods that are acceptable include straight-line, diminishing balance and units of production. It has been the Group policy to depreciate the sugar factory using the hybrid combination of the units of production and straight-line methods.

Following a comprehensive review of the depreciation policy, the hybrid method was determined not to be appropriate. The straight-line method has now been applied retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30.11.1 Impact of correction of prior period error on sugar factory depreciation on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Increase in sugar factory depreciation	(820)
Decrease in profit before tax	**(820)**
Decrease in tax expense	211
Decrease in profit for the year	**(609)**
Decrease in basic and diluted earnings per share (RTGS cents)	(0.3)

30. Correction of prior period errors (continued)

30.11.2 Impact of correction of error on sugar factory depreciation on the Group Statement of Financial Position.

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Increase in accumulated depreciation	(5 755)	(4 935)
Decrease in deferred tax liability	1 482	1 271
Decrease in net assets	**(4 273)**	**(3 664)**
Decrease in retained earnings	(4 273)	(3 664)
Decrease in equity	**(4 273)**	**(3 664)**

30.12 IAS 41: Agriculture - Valuation of standing cane

Standing cane is measured at fair value less harvesting, transport and over the weighbridge costs. In determining fair value an estimate is made of the expected yield as well as the estimated realisable value of the processed sugar. The actual age of the standing cane at reporting period date is also considered in coming up with the equivalent value of the standing cane. In prior years, the actual age of standing cane has been rounded off to the nearest month for purposes of determining fair value. As it is possible to determine the exact ages of cane to the fraction of a month, and given the material impact that rounding off cane age has on the valuation, the standing cane valuations have been adjusted to take into account these exact ages. The correction has been adjusted retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed as below.

30.12.1 Impact of correction of prior period error on standing cane valuation unit on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Decrease in biological asset fair value gain	(792)
Decrease in profit before tax	**(792)**
Decrease in tax expense	204
Decrease in profit for the year	**(588)**
Decrease in basic and diluted earnings per share (RTGS cents)	(0.3)

30.12.2 Impact of correction of prior period error on standing cane valuation on the Group Statement of Financial position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in biological asset	(2 347)	(1 555)
Decrease in deferred tax liability	604	400
Decrease in net assets	**(1 743)**	**(1 155)**
Decrease in retained earnings	(1 743)	(1 155)
Decrease in equity	**(1 743)**	**(1 155)**

30. Correction of prior period errors (continued)

30.13 IAS 41: Agriculture – Standing cane on occupied land

A total of 1 776 hectares of the Group's land has been occupied by third-party farmers since April 2016. Despite various court processes ruling in favour of the farmers occupying the land, and with the farmers being remunerated the full cane proceeds (less a depreciation charge for the use of the cane roots) for the cane harvested and supplied to the mills, the value of standing cane continued to be recognised on the Group' statement of financial position. Following a subsequent review of the circumstances that existed at that time, the Group has derecognised the value of standing cane on this land during the 2018 financial year once the court rulings had been determined. The above has been adjusted by applying the correction retrospectively, effective 31 March 2018. The effect of the correction of the prior period error is detailed below. The Directors have taken active steps towards resolving this matter which include establishing new area under cane (i.e. Project Kilimanjaro) to which these farmers will be relocated and are confident of a mutually beneficial outcome.

30.13.1 Impact of correction of prior period error on standing cane valuation on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Decrease in biological assets fair value gain	(2 775)
Decrease in operating costs	1 219
Decrease in profit before tax	**(1 556)**
Decrease in tax expense	401
Decrease in profit for the year	**(1 155)**
Decrease in basic and diluted earnings per share (RTGS cents)	(0.6)

30.13.2 Impact of correction of prior period error on standing cane valuation on the Group Statement of Financial position

	As at 01.04.017 RTGS$'000
Decrease in biological assets	(2 775)
Decrease in cane maintenance cost provision	1 219
Decrease in deferred tax liability	401
Decrease in net assets	**(1 155)**
Decrease in retained earnings	(1 155)
Decrease increase in equity	**(1 155)**

30.14 IAS 41: Agriculture – Game Valuation

TThe Group has a total of 15 060 hectares of land that is under wildlife management, comprising the management of game, safari and hunting activities. The Group had previously applied IAS 41: Agriculture in recognising the value of the wildlife as a biological asset. Following a comprehensive review, the Directors have determined that the control element of the asset recognition criteria for wildlife is not met given the unrestricted and free movement of wildlife to areas outside the Company's game park boundaries, including neighbouring game parks. Furthermore, the fair value of the wildlife was determined with reference to trophy fees but was not supported by any hunting revenue considering that the Group had not been issued a hunting quota between 2012 and 2018. Biological assets relating to game have therefore been derecognised retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30. Correction of prior period errors (continued)

30.14.1 Impact of game derecognition on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Decrease in fair value gain on biological assets	(571)
Decrease in profit before tax	**(571)**
Decrease in tax expense	147
Decrease in profit for the year	**(424)**
Decrease in basic and diluted earnings per share (RTGS cents)	(0.2)

The correction has had no impact on the opening balance of the earliest period presented, being 1 April 2017.

30.14.2 Impact of game derecognition on the Group Statement of Financial position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in biological assets	(4 635)	(4 064)
Decrease in deferred tax liability	1 194	1 047
Decrease in net assets	**(3 441)**	**(3 017)**
Decrease in retained earnings	(3 441)	(3 017)
Decrease in equity	**(3 441)**	**(3 017)**

30.15 IAS 39: Financial Instruments - Impairment of receivables

As detailed in note 2.1 the Group applied the first-time adoption of IFRS 9: Financial Instruments, retrospectively. In assessing the impact of the new standard which requires an expected credit loss (“ECL”) model in the impairment of financial assets, the Directors considered whether any of the proposed impairment losses under IFRS 9 would still have applied under the incurred loss model of IAS 39: Financial Instruments: Recognition and measurement.

Following a comprehensive review of the above, the Directors have adjusted for additional impairment losses under IAS 39, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30.15.1 Impact of correction of prior period error on impairment of receivables on the Group Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31.03.18 RTGS$'000
Increase in operating costs	(1 379)
Decrease in profit before tax	**(1 379)**
Decrease in tax expense	355
Decrease in profit for the year	**(1 024)**
Decrease in basic and diluted earnings per share (RTGS cents)	(0.5)

30. Correction of prior period errors (continued)

30.15.2 Impact of correction of prior period error on impairment of receivables on the Group Statement of Financial position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Decrease in trade and other receivables	(4 145)	(2 766)
Decrease in deferred tax liability	1 067	712
Decrease in net assets	**(3 078)**	**(2 054)**
Decrease in retained earnings	(3 078)	(2 054)
Decrease in equity	**(3 078)**	**(2 054)**

30.16 IFRS 9: Financial Instruments - Sale of receivables

The Group has in prior years sold a portion of its trade receivables balance at a discount to a financial institution and derecognised the trade receivable. Following a comprehensive review, the Directors have determined that as there was recourse in favour of the financial institution if the debtor defaulted, the arrangement was in substance a financing arrangement. Consequently, the proceeds received there-from have been reclassified to a trade finance liability as opposed to a settlement against trade receiva-bles. The reclassification has been adjusted retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30.16.1 Impact of correction of errors on sale of receivables on the Group Statement of Profit or Loss and Other Comprehensive Income

The reclassification adjustment has had no impact on the Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018.

30.16.2 Impact of correction of errors on sale of receivables on the Group Statement of Financial position

	As at 31.03.18 RTGS$'000	As at 01.04.17 RTGS$'000
Increase in trade and other receivables	373	4 535
Decrease in trade and other payables	1 129	-
Increase in Trade finance	(1 502)	(4 535)
Impact on net assets	**-**	**-**

30.17 IFRS 9: Financial Instruments - Reclassification of receivables

In terms of a November 2016 agreement between Zimbabwe Sugar Sales (ZSS) and a key sugar customer, the Group agreed to convert its share of the short-term debt owed by the customer into a long-term debt payable by 31 October 2021. Notwithstanding this arrangement, the amount has in prior years been erroneously classified as a current receivable. The Directors have retrospectively reclassified the debt to a non-current receivable due to its long-term nature. The reclassification has been adjusted retrospectively, effective the beginning of the earliest period presented, being 1 April 2017. The effect of the correction of the prior period error is detailed below.

30.17.1 Impact of reclassification of receivables on the Group Statement of Profit or Loss and Other Comprehensive Income

The reclassification of receivables has had no impact on the Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2018.

30. **Correction of prior period errors (continued)**

30.17.2 Impact of reclassification sale of receivables on the Group Statement of Financial position

	As at 01.04.017 RTGS$'000
Increase in long term receivables	5 690
Decrease in trade and other receivables	(5 690)
Impact on net assets	-

30.18 Financial review at Holding Company

The Group's holding company, Tongaat Hulett Limited (in South Africa) undertook a strategic and financial review of the business that revealed certain practices that appear to have resulted in the issuance of financial statements that do not reflect Tongaat Hulett Limited's underlying business performance accurately. The financial review has incorporated a forensic investigation to establish any evidence of whether any of these past practices were deliberate. The forensic investigation has been completed and key findings are available on the THL website. As a result, there has been a requirement to adjust certain intercompany transactions or revise the accounting treatment of certain transactions across the Tongaat Hulett Limited group. To the extent that such adjustments impacted on Hippo Valley Estates Limited, prior year financial statements were adjusted as detailed in note 30.

31. Company information

The Company information has not all been shown in the notes to the financial statements as the difference in the balances of line items between the Group and the Company results is qualitatively immaterial and would result in duplication of a significant number of the notes. The Company statement of financial position, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity have been included on pages 115 to 118. Consequently the directors believe that the Group financial statements comply with the Companies Act (Chapter 24:03) in all material respects.

31.1 The Group financial statements differ from those of the Company on the following elements

		31.03.19			31.03.18			31.03.17		
		Group RTGS$ '000	**Company RTGS$ '000**	**Difference RTGS$ '000**	**Group RTGS$ '000**	**Company RTGS$ '000**	**Difference RTGS$ '000**	**Group RTGS$ '000**	**Company RTGS$ '000**	**Difference RTGS$ '000**
Net assets										
Investment in associate companies	(i)	7 092	1 718	5 374	3 820	1 718	2 102	3 220	1 718	1 502
Inventories - stores	(ii)	23 097	23 088	9	19 916	19 914	2	15 622	15 621	1
Accounts receivable - other	(iii)	43 187	43 229	(42)	18 996	19 027	(31)	15 771	15 798	(27)
Deferred tax liabilities	(iv)	(48 451)	(47 720)	(731)	(28 496)	(28 286)	(210)	(26 715)	(26 591)	(124)
Net difference				**4 610**			**1 862**			**1 352**
Equity										
Profit for the year	(v)	73 776	74 134	(358)	5 462	5 133	329	7 674	7 466	208
Retained earnings at beginning of the year	(vi)	48 567	46 316	2 251	43 256	41 334	1 922	75 150	73 436	1 714
Non-distributable reserves	(vii)	53 511	50 794	2 717	50 405	50 794	(389)	50 224	50 794	(570)
Net difference				**4 610**			**1 862**			**1 352**

Summary of the differences between Group and Company

Net Assets

(i) The difference is due to post acquisition profits from associates (Tongaat Hulett Botswana and NCPDZ).
(ii) The difference is due to Chiredzi Township Inventory.
(iii) The difference is due to Chiredzi Township debt for water purification charges.
(iv) The difference is due to deferred tax on foreign associate (Tongaat Hulett Botswana).

Equity

(v) The difference is due to the current year profits from associates (Tongaat Hulett Botswana and NCPDZ).
(vi) The difference is due to retained profits from associates (Tongaat Hulett Botswana and NCPDZ).
(vii) The difference is due to revaluation of original investment and post acquisition profits from associate(Tongaat Hulett Botswana and NCPDZ).

31. Company information (continued)

31.2 The Group statement of cash flows differs from that of the Company on the following elements

	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000 Restated
Group cash generated from operations	37 211	16 631
Add Chiredzi Township loss	3	3
Add Tongaat Hulett Botswana dividend	1 942	638
Company cash generated from operations	**39 156**	**17 272**
Group changes in working capital	(16 145)	12 952
Stock movement	9	2
Creditors movement	(12)	(5)
Company changes in working capital	**(16 148)**	**12 949**

Livestock at the feedlot

Company Statement of Financial Position

As at 31 March 2019

	Notes	31.03.19 RTGS$'000	31.03.18 RTGS$'000 Restated	31.03.17 RTGS'000 Restated
ASSETS				
Non-current assets		**136 799**	**105 409**	**96 959**
Property, plant and equipment	4.3	126 517	95 016	88 506
Intangible assets	4.6	2 874	2 985	1 045
Investments in associate companies	31.1	1 718	1 718	1 718
Long term receivable	7.4	5 690	5 690	5 690
Current assets		**216 148**	**109 813**	**105 562**
Biological assets	6	92 673	36 826	32 912
Inventories - stores	31.1	23 088	19 914	15 621
- sugar		18 750	22 292	27 116
Accounts receivable - trade	7.1	18 938	2 259	3 951
- other	31.1	43 229	19 027	15 798
Current tax asset		-	262	-
Cash and cash equivalents		19 470	9 233	10 164
Total assets		**352 947**	**215 222**	**202 521**
EQUITY AND LIABILITIES				
Capital and reserves		**180 300**	**112 552**	**107 570**
Issued capital	9.1	15 442	15 442	15 442
Non-distributable reserve	31.1	50 794	50 794	50 794
Retained earnings		114 064	46 316	41 334
Non-current liabilities		**55 982**	**33 023**	**31 036**
Deferred tax liabilities	31.1	47 720	28 286	26 591
Provisions	12.1	8 262	4 737	4 445
Current liabilities		**116 665**	**69 647**	**63 915**
Trade and other payables	11	41 915	22 491	9 827
Provisions	12.2	9 661	4 721	3 430
Trade finance	13.2	-	-	30 616
Borrowings	13.1	56 569	42 435	18 080
Current tax liability		7 126	-	1 962
Dividend payable	18	1 394	-	-
Total equity and liabilities		**352 947**	**215 222**	**202 521**

Company Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000 Restated
Turnover			
Revenue		244 890	159 017
Fair value gain on biological assets	6	55 847	3 914
		300 737	**162 931**
Operating profit		113 616	11 126
Dividends received		1 941	638
Net finance charges	15	(6 708)	(4 690)
Interest paid-loans		(7 793)	(4 706)
Interest received		1 085	16
Profit before tax		**108 849**	**7 074**
Income tax expense		(34 715)	(1 941)
Profit for the year		**74 134**	**5 133**
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
- Actuarial loss gain on post retirement provision		(2 526)	(151)
Total comprehensive income for the year		**71 608**	**4 982**
Basic and diluted earnings per share (RTGS cents)		38.4	2.7

Project Kilimanjaro - new cane fields developed

Company Statement of Changes in Equity

For the year ended 31 March 2019

		Issued Share capital RTGS$'000	Non-distributable reserves RTGS$'000	Retained earnings RTGS$'000	Total RTGS$'000
Balance at 31 March 2017 (As previously reported)		**15 442**	**128 223**	**80 749**	**224 414**
Restatement of opening balance		-	(77 429)	(39 415)	(116 844)
Initial adoption of IFRS 9	Note 2.1	-	-	(484)	(346)
Correction of prior period errors	Note 30	-	(77 429)	(39 069)	(116 498)
Balance at 1 April 2017 (Restated)		**15 442**	**50 794**	**41 334**	**107 570**
Total comprehensive income for the year (Restated)		-	-	4 982	4 982
Profit for the year (Restated)		-	-	5 133	5 133
Other comprehensive loss for the year		-	-	(151)	(151)
Balance at 31 March 2018 (Restated)		**15 442**	**50 794**	**46 316**	**112 552**
Total comprehensive income for the year		-	-	71 608	71 608
Profit for the year		-	-	74 134	74 134
Other comprehensive loss for the year		-	-	(2 526)	(2 526)
Dividend	Note 18	-	-	(3 860)	(3 860)
Balance at 31 March 2019		**15 442**	**50 794**	**114 064**	**180 300**

Bush clearing under Project Kilimanjaro

Company Statement of Cash Flows

For the year ended 31 March 2019

	Notes	Year ended 31.03.19 RTGS$'000	Year ended 31.03.18 RTGS$'000 Restated
Cash flows from operating activities			
Cash generated from operations	31.2	39 156	17 272
Changes in working capital	31.2	(16 148)	12 949
Net cash generated from operations		23 008	30 221
Net finance charges paid		(6 708)	(4 690)
Interest paid-loans		(7 793)	(4 706)
Interest received		1 085	16
Tax paid		(7 017)	(2 418)
Net cash inflow from operating activities		**9 283**	**23 113**
Cash flows from investing activities			
Additions to property, plant, equipment and intangible assets		(9 818)	(17 783)
- Other property, plant, equipment and intangible assets		(5 101)	(6 809)
- Cane roots		(4 717)	(10 974)
Proceeds on disposal of property, plant, equipment and intangible assets	19.3	35	-
Net cash outflow from investing activities		**(9 783)**	**(17 783)**
Net cash (outflow)/inflow before financing activities		**(500)**	**5 330**
Cash flows from financing activities			
Proceeds from trade finance		-	30 150
Proceeds from borrowings		76 376	36 142
Repayment of trade finance		(30 150)	(30 616)
Repayment of borrowings		(32 092)	(41 937)
Dividend paid	18	(3 397)	-
Net cash inflow/(outflow) from financing activities		**10 737**	**(6 261)**
Movement in cash and cash equivalents			
Net cash and cash equivalents at beginning of year		9 233	10 164
Net cash inflow from operating activities		9 283	23 113
Net cash outflow from investing activities		(9 783)	(17 783)
Net cash inflow/(outflow) from financing activities		10 737	(6 261)
Cash and cash equivalents at end of year		**19 470**	**9 233**
Comprising of:		**19 470**	**9 233**
Cash at bank		19 456	9 225
Cash on hand		14	8

Definition of Terms

Capital employed
Total capital and reserves plus long-term borrowings.

Current ratio
Current assets divided by current liabilities.

Gearing ratio
Interest bearing debt less cash and bank balances divided by total share capital and reserves.

Earnings per share
Profit for the year divided by the weighted average number of shares in issue at year-end.

Interest cover
Operating profit divided by interest payable.

Market capitalisation
Number of shares in issue at year-end multiplied by the closing price per share.

Net asset value
Total assets minus total liabilities excluding deferred taxation.

Net asset value per share
Net asset value divided by the number of shares in issue at year-end.

Net worth per share
Total capital and reserves divided by the number of shares in issue at year-end.

Operating profit
Profit before interest, dividends received, taxation and share of associate companies' profits.

Return on total capital and reserves
Profit for the year expressed as a percentage of total share capital and reserves.

Shareholders' funds
Issued share capital, share premium, capital reserve, revenue reserves and proposed dividend.

Total liabilities
Long-term borrowings and current liabilities excluding deferred taxation.

Flood storm damage - February 2019

Analysis of Shareholders

As at 31 March 2019

	Shareholders Number	Shareholders %	Shares Number	Shares %
Shareholders registered with Zimbabwean addresses	928	65.08	165 786 561	85.90
Shareholders registered with external addresses	498	34.92	27 234 003	14.10
	1 426	**100.00**	**193 020 564**	**100.00**
Shares held by:				
Individuals	929	65.15	9 551 989	4.95
Pension funds and insurance companies	292	20.48	62 098 639	32.17
Other corporate bodies	205	14.37	121 369 936	62.88
	1 426	**100.00**	**193 020 564**	**100.00**

Ten largest shareholders as at 31 March 2019

		Number of shares	%
1.	Triangle Sugar Corporation Limited	97 124 027	50.32
2.	Old Mutual Life Assurance Company Zimbabwe Limited	25 816 448	13.37
3.	Tate & Lyle Holland B.V.	19 314 480	10.01
4.	National Social Security Authority	11 268 323	5.84
5.	Stanbic Nominees (Private) Limited –NNR	8 761 315	4.54
6.	Old Mutual Zimbabwe Limited	3 547 625	1.84
7.	Mining Industry Pension Fund	2 825 023	1.46
8.	Standard Chartered Nominees (Private) Limited	2 063 700	1.07
9.	Catering Industry Pension Fund	781 482	0.40
10.	Anglo American Associated Companies Pension Fund	758 640	0.39
		172 261 063	**89.24**

Working at heights challenge addressed