AFRICAN SUN

LIMITED

Condensed Consolidated Financial Statements

for the year ended 31 December 2021

Content

Statement of Vision

To be the leading Hospitality and Leisure Company in the markets we operate.

MISSION

We exist to create value for all our stakeholders.

- **To our Guests**
  Exceeding their expectations through provision of a delightful service, as they are our reason for existence.
- **To our Employees**
  Creating opportunities for personal growth and balanced lifestyles for all our staff to enable them to positively influence lives around them and delight our guests.
- **To our Community and Environment**
  To be a model corporate citizen in the society in which we operate from where we derive our identity and being.
- **To our Business Partners**
  Establishing ethical and honest relationships with our business partners and suppliers who enable us to meet and exceed our guest expectations.
- **To our Shareholders**
  Deliver real value growth to our shareholders in excess of 20% return on equity per annum.

OUR CORE VALUES AND BELIEFS

Our seven-point "PRILFSC" value system forms the basis our belief system within the organization

We will do so through:

- **Professionalism** – We exude expert competence in the way we do business.
- **Respect** – In all our relationships, we seek to build and honor.
- **Integrity** - We do what we say. We are true to self and true to others.
- **Leisure** – We enjoy everything we do.
- **Fairness** - We are a non-discriminate organization and we treat everyone equally.
- **Service Excellence** – We meet and exceed customer expectations.
- **Care** – We show concern and seek the well-being of everyone.

Directorate and corporate information

DIRECTORS

E A Fundira	(Appointed 20 October 2021)	Chairman
A Makamure	(Resigned 20 October 2021)	
B I Childs		
G Chikomo		
T M Ngwenya		
L M Mhishi	(Appointed 1 May 2021)	
C F Chikosi	(Appointed 1 May 2021)	
N Maphosa	(Resigned 20 October 2021)	
A E Siyavora	(Appointed 8 November 2021)	
V W Lapham	(Appointed 8 November 2021)	
B H Dirorimwe*	(Resigned 1 December 2021)	
E T Shangwa*	(Resigned 31 December 2021)	
N Y Mutizwa*	(Appointed 1 December 2021)	Chief Finance Officer
P Saungweme*	(Appointed 3 January 2022)	Chief Executive Officer

*Executive

Company Secretary V.T. Musimbe

African Sun Limited
Incorporated and domiciled in the Republic of Zimbabwe Registration number: 643/1971

Registered Office
African Sun Limited, c/o Monomotapa Harare
54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 242 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Independent Auditor
Deloitte & Touche Chartered Accountants (Zimbabwe)
West Block, Borrowdale Office Park, Liberation Legacy Way, Borrowdale, P.O. Box 267, Harare, Zimbabwe

Main Bankers
FBC Bank Limited
5th Floor, FBC Centre, Nelson Mandela Avenue, Harare, Zimbabwe

Nedbank Zimbabwe Limited
16th Floor, Old Mutual Centre, Third Street, Harare, Zimbabwe

Legal Advisors
Dube, Manikai and Hwacha Commercial Law Chambers
6th Floor, Gold Bridge, Eastgate Complex, Robert Mugabe Road, Harare, Zimbabwe

Transfer Secretaries
Corpserve (Private) Limited
2nd Floor, ZB Bank Centre, Cnr Kwame Nkrumah Avenue/First Street, P.O. Box 2208, Harare, Zimbabwe
Tel: +263 242 758193
Email: paradzai@escrowgroup.org

Investor Relations
Web: www.africansunhotels.com

Financial highlights

Revenue:
INFLATION ADJUSTED
ZWL 4.329 bln from **ZWL 2.957 bln**

ADR:
INFLATION ADJUSTED
ZWL 10 820 from **ZWL 13 533**

Occupancy:
31% from **23%**

EBITDA:
INFLATION ADJUSTED
ZWL 10.542 bln from **ZWL (0.279) bln**

Profit/(Loss):
INFLATION ADJUSTED
ZWL 9.737 bln from a loss of **ZWL 2.419 bln**

Rooms RevPAR:
INFLATION ADJUSTED
ZWL 3 408 from **ZWL 2 905**

Finance Cost:
INFLATION ADJUSTED
ZWL 48.405 mln from **ZWL 78.128 mln**

Total Rev PAR:
INFLATION ADJUSTED
ZWL 6 907 from **ZWL 5 558**

Introduction

On behalf of the Board of Directors of African Sun Limited and its subsidiaries (together referred to as "the Group"), it gives me pleasure to present to you the condensed consolidated financial statements for the year ended 31 December 2021.

Operating Environment

Despite the impact of Covid-19 induced lockdowns, the operating environment in 2021 was better compared with the previous year. According to the Ministry of Finance, the Zimbabwean economy registered a Gross Domestic Product growth rate of 7.8% in 2021 and inflation decelerated from a high of 363% at the beginning of the year to 60% at year end. Among other things, economic recovery was underpinned on bumper agricultural output, increase in global commodity prices, improved capacity utilization in the manufacturing sector and infrastructure development projects across the country.

The Zimbabwean Dollar ("ZWL") however continued to depreciate against the United States Dollar. The widening gap between the official and the unofficial exchange rates resulted in price instability which adversely impacted on businesses' ability to make long term decisions.

The property market continues to be depressed, albeit showing signs of recovery from prior year. Rental yields across all property sectors were weak due to low incomes, reflecting curtailed economic activity. Property sales transactions continue to be dominated by cash sales as mortgage finance is limited. With limited funding options, activity in the property development sector is anticipated to remain low in the short to medium term.

Impact of Covid-19

The Covid-19 pandemic continued into its second year with new variants emerging during the year under review. Following the discovery of the Omicron variant in November 2021, key source markets including Europe and America, implemented travel restrictions such as the red-listing of Southern African countries. This weighed down the recovery of the tourism industry resulting in cancellation of festive season holiday bookings. It is estimated that in Zimbabwe at least 13,400 room nights bookings were cancelled in November 2021 and December 2021.

Despite the emergence of new variants, the fortunes of the tourism industry continue to improve due to the easing of self-isolation and lockdown measures generally across the world. According to the United Nations World Tourism Organization ("UNWTO") a 4% upturn was expected in global tourist arrivals in 2021 (415 million international arrivals in 2021 in comparison to 400 million in 2020). However, international tourist arrivals (overnight visitors) were still 72% below the pre-pandemic level of 2019, according to preliminary estimates by UNWTO.

Ongoing vaccination programs initiated both locally and internationally have assisted in making progress towards the opening up of international travel and also spurring domestic tourism.

Financial Performance

The financial performance commentary is based on inflation adjusted financial statements, which are the primary financial statements in accordance with the International Accounting Standard ("IAS") 29 – *Financial Reporting in Hyperinflationary Economies*. Historical cost consolidated financial statements have been issued for information purposes only.

Revenues

At ZWL4.32 billion, revenue for the year under review increased by 48% relative to the prior year. This was on the back of a 8-percentage point increase in occupancy from prior year to 31% and firmer average daily rates ("ADR"). Improved performance reflects the impact of a more open and active economy as lockdown restrictions were substantially relaxed in 2021 compared to the period during the height of the pandemic in 2020. The achieved occupancies are however still lower than the +40% occupancies achieved during pre-Covid 19 era. Foreign source markets were largely closed for the greater part of the year, with foreign business contributing only 8% (2020: 14%) towards hotel revenue which is significantly lower than +30% contribution achieved during pre-Covid 19 era.

12% of Group revenue is attributable to Dawn Properties Limited ("Dawn"), a subsidiary acquired in January 2021. Key contributors to Dawn revenues include twenty-two (2020: seventeen) residential stand sales at Marlborough Sunset Views and property consultancy revenue. As at 31 December 2021, twenty-three stands remained unsold.

Operating Expenses

The Group's operating expenses (excluding depreciation) increased by 23% compared to same period last year. The increase was due to the increase in volumes driving variable costs and the inclusion of Dawn related expenses in the consolidated financial statements. Excluding the effects of Dawn consolidation, the hotel business operating expenses (excluding depreciation) increased by 24% from ZWL1.97 billion to ZWL2.44 billion, which was less than growth in hospitality revenue of 37% from prior year. The Group will continue to monitor costs and implement various cost savings initiatives.

Profitability

The Group recorded an inflation adjusted normalized earnings before interest, tax, depreciation and amortisation ("EBITDA") of ZWL1.95 billion and normalized profit before tax depreciation and amortisation of ZWL1.14 billion.

Normalised EBITDA and profit for the year ended 31 December 2021 principally excluded gain on bargain purchase amounting to ZWL8.59 billion, which was recognized on the acquisition of 91.17% equity interest in Dawn Properties in January 2021.

Update On The Acquisition Of Dawn Properties Limited

Pursuant to the Company's offer to acquire 100% of Dawn Properties Limited ("Dawn"), 91.17% of the ordinary shares of Dawn have been fully acquired. The company is going through pertinent legal processes to acquire the remaining 8.83%. The integration of the two businesses to achieve the anticipated synergies has commenced and is expected to be completed by 31 December 2022.

Dividend Declaration

Subsequent to year end, the Board resolved to declare a dividend of ZWL 0.0815947 per share, amounting to a total of ZWL 116,151,461 and an additional USD 0.0003548 per share amounting to a total of USD 505,064, payable in respect to the year ended 31 December 2021.

Outlook

The outlook remains highly uncertain and will largely depend on the pandemic's evolution, the rate of vaccination and the effects of the geo political tensions in Eastern Europe. We however anticipate that the Covid-19 situation will continue to improve and most self lockdown restrictive measures will be further relaxed. In the short to medium term, our performance will continue to be primarily driven by domestic business.

We continue to be optimistic about the future of the Group and are confident that our business model and strategy will put us in a strong position to succeed. Among other things, key to our success will be managing costs, disposal of non-core assets and deploying proceeds from the same to refurbish our hotels.

Enhancing guest experience is of paramount importance to us. In that regard, the Group will be focusing on hotels refurbishment projects. We anticipate that works to replace the roof coverings at Troutbeck Inn Resort ("Troutbeck") will be completed beginning of Q2 of 2022 and this will pave way for the refurbishment of 70 rooms at Troutbeck. Refurbishment of 47 rooms at The Victoria Falls Hotel is progressing well and the works are expected to be completed during Q2 of 2022. Preparatory work to carry out the refurbishment of 8 additional rooms at Great Zimbabwe and remedial works on the Hungwe Conference Centre are at an advanced stage, with actual works likely to commence in Q2 2022.

Directorate Changes

Executive Directors

Mr. Believemore Dirorimwe stepped down as the Finance Director on 30 November 2021 whilst Mr. Edwin Shangwa resigned as the Managing Director effective 31 December 2021.

Mr. Ndangariro Mutizwa was appointed as the Chief Finance Officer effective 1 December 2021. On 31 December 2021 Mr. Peter Saungweme who had hitherto served as a non-executive director on the Company stepped down from the same and was appointed as the Chief Executive Officer effective 3 January 2022.

On behalf of the Board, I would like to thank Believemore and Edwin for their sterling service to the Company and wish them all the best in their future endeavors. In the same vein, I would also like to extend a warm welcome to Ndangariro and Peter and wish them the best as they steer the Company to greater heights.

Non-Executive Directors

Mr. Alex Makamure and Ms. Nyaradzo Maphosa retired as Board Chairman and Board member respectively on 17 October 2021. The company takes this opportunity to express its gratitude to Alex and Nyaradzo and wish them all the best in their future endeavors.
I was appointed Chairman of the Board of Directors effective 20 October 2021.

Following the acquisition of Dawn Properties Limited, the Board was reconfigured to include the two former Dawn directors, Mr. Lloyd Mhishi and Mr. Constantine Chikosi as Non-Executive Directors with effect from 1 May 2021. Additionally, Mr. Alex Siyavora and Mr. Vernon Lapham were also appointed as Non-Executive Directors effective 8 November 2021.

On behalf of the Board, I congratulate the new Board members on their appointment and look forward to their valuable contribution to the Board.

Appreciation

Taking the current landscape and uncertainties into considerations, I would like to commend management, staff and fellow Board members for their continued commitment to drive the Group's survival and recovery strategies. I am confident that we will emerge stronger post the Covid 19 storm.

E A Fundira
Chairman

20 April 2022

Condensed consolidated statement of financial position

As at 31 December 2021

All figures in ZWL	Note	INFLATION ADJUSTED As at 31 December 2021	INFLATION ADJUSTED As at 31 December 2020	HISTORICAL As at 31 December 2021	HISTORICAL As at 31 December 2020
ASSETS					
Non-current assets					
Property and equipment		15 211 794 369	3 158 586 569	15 078 131 442	1 923 195 650
Investment property	9	3 373 139 000	-	3 373 139 000	-
Right of use assets		572 975 341	575 298 000	260 614 906	255 030 975
Biological assets		118 392 208	46 173 707	118 392 208	28 726 214
Other financial assets		8 734 288	9 952 623	8 734 288	6 191 861
Total non-current assets		**19 285 035 206**	**3 790 010 899**	**18 839 011 844**	**2 213 144 700**
Current assets					
Inventories		942 641 460	248 471 334	353 935 186	97 589 363
Trade receivables		232 678 791	170 701 571	232 678 791	106 199 181
Other financial assets		233 794 662	159 913 520	193 247 148	69 619 752
Cash and cash equivalents		1 256 324 196	1 284 891 820	1 256 324 196	799 374 360
Total current assets		**2 665 439 109**	**1 863 978 245**	**2 036 185 321**	**1 072 782 656**
Assets classified as held for sale	10	185 766 300	-	185 766 300	-
Total assets		**22 136 240 615**	**5 653 989 144**	**21 060 963 465**	**3 285 927 356**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital		543 643 162	535 078 582	14 235 172	8 617 716
Share premium		2 624 263 408	1 559 943 002	723 204 747	25 123 685
Equity settled share based payment reserve	19.1	40 171 478	16 535 269	28 803 334	8 043 669
Revaluation reserve		4 682 325 158	1 369 788 752	7 554 302 096	1 449 830 089
Foreign currency translation reserve	19.2	1 744 816 282	1 726 825 870	394 634 158	379 230 453
Retained earnings/(accumulated losses)		7 692 703 178	(1 902 736 706)	7 224 668 781	11 220 979
Total equity attributable to owners of the parent		**17 327 922 666**	**3 305 434 769**	**15 939 848 288**	**1 882 066 591**
Non-controlling interest		1 312 843 350	-	1 275 149 196	-
Total equity		**18 640 766 016**	**3 305 434 769**	**17 214 997 484**	**1 882 066 591**
Liabilities					
Non-current liabilities					
Deferred tax liabilities		1 787 864 735	510 480 233	2 138 356 117	260 333 101
Lease liabilities		271 418 495	410 780 429	271 418 495	255 560 303
Deferred lease income		1 024 435	-	1 024 435	-
Total non-current liabilities		**2 060 307 665**	**921 260 662**	**2 410 799 047**	**515 893 404**
Current liabilities					
Trade and other payables		1 238 976 697	1 255 505 869	1 238 976 697	781 092 373
Current income tax liabilities		49 689 052	22 989 434	49 689 052	14 302 499
Provisions for other liabilities	14	136 567 679	141 855 438	136 567 679	88 253 033
Deferred lease income		4 403 685	-	4 403 685	-
Lease liabilities		5 529 821	6 942 972	5 529 821	4 319 456
Total current liabilities		**1 435 166 934**	**1 427 293 713**	**1 435 166 934**	**887 967 361**
Total liabilities		**3 495 474 599**	**2 348 554 375**	**3 845 965 981**	**1 403 860 765**
Total equity and liabilities		**22 136 240 615**	**5 653 989 144**	**21 060 963 465**	**3 285 927 356**

Condensed consolidated statement of comprehensive income

For the year ended 31 December 2021

All figures in ZWL	Note	INFLATION ADJUSTED 31 December 2021	INFLATION ADJUSTED 31 December 2020 Restated*	HISTORICAL 31 December 2021	HISTORICAL 31 December 2020
Revenue	13	4 323 126 701	2 952 269 088	3 631 824 362	1 219 631 903
Gaming income	13	5 396 563	5 218 114	4 463 630	1 535 941
Total revenue		**4 328 523 264**	**2 957 487 202**	**3 636 287 992**	**1 221 167 844**
Cost of sales	15	(1 324 188 325)	(1 114 416 743)	(962 873 834)	(309 054 246)
Gross profit		**3 004 334 939**	**1 843 070 459**	**2 673 414 158**	**912 113 598**
Other income	16	1 431 420 542	246 852 820	2 399 173 995	75 609 565
Gain on bargain purchase	8	8 594 415 085	-	4 994 893 505	-
Operating expenses	15	(3 159 507 927)	(2 536 371 909)	(2 521 819 192)	(952 754 956)
Net impairment reversal/(losses) on financial assets		15 200 433	49 515 097	(9 980 316)	(25 349 338)
Other expenses		(9 391 547)	(359 544 684)	(2 301 607)	(159 747 891)
Operating profit/(loss)		**9 876 471 525**	**(756 478 217)**	**7 533 380 543**	**(150 129 022)**
Finance income		583 590	4 064 543	494 376	824 335
Finance costs		(48 405 356)	(78 127 993)	(41 437 962)	(48 606 049)
Finance costs - lease liabilities		(34 531 769)	(30 750 781)	(26 807 043)	(14 950 200)
Net monetary loss (IAS29)		(22 883 111)	(2 120 607 781)	-	-
Profit/(loss) before income tax		**9 771 234 879**	**(2 981 900 229)**	**7 465 629 914**	**(212 860 936)**
Income tax (expense)/credit	17	(33 828 083)	562 828 043	45 956 693	141 207 781
Profit/(loss) for the year		**9 737 406 796**	**(2 419 072 186)**	**7 511 586 607**	**(71 653 155)**
Other comprehensive income net of tax:					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		17 990 412	879 626 896	15 403 705	325 192 458
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus - net of tax		3 547 492 286	89 145 182	6 529 784 470	1 155 666 909
Other comprehensive income net of tax:		**3 565 482 698**	**968 772 078**	**6 545 188 175**	**1 480 859 367**
Total comprehensive income/(loss) for the year		**13 302 889 494**	**(1 450 300 108)**	**14 056 774 782**	**1 409 206 212**
Profit/(loss) attributable to:					
Owners of the parent		9 595 439 884	(2 419 072 186)	7 213 447 802	(71 653 155)
Non-controlling interests		141 966 912	-	298 138 805	-
		9 737 406 796	**(2 419 072 186)**	**7 511 586 607**	**(71 653 155)**
Total comprehensive income/(loss) attributable to:					
Owners of the parent		12 925 966 702	(1 450 300 108)	13 333 323 513	1 409 206 212
Non-controlling interests		376 922 792	-	723 451 269	-
		13 302 889 494	**(1 450 300 108)**	**14 056 774 782**	**1 409 206 212**
Earnings/(loss) per share attributable to: Owners of the parent during the period (ZWL cents)					
Basic and diluted earnings/(loss) per share	18	674,07	(280,71)	506,73	(8,31)

* Inflation adjusted comparatives have been restated (see note 7)

Condensed consolidated statement of changes in equity

For the year ended 31 December 2021

INFLATION ADJUSTED									
All figures in ZWL	**Share capital**	**Share premium**	**Equity settled share based payments reserve**	**Foreign currency translation reserve**	**Revaluation reserve**	**Retained earnings/ (accumulated losses)**	**Attributable to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Year ended 31 December 2020									
Balance as at 1 January 2020	**535 078 582**	**1 559 943 002**	**-**	**847 198 974**	**1 280 643 570**	**540 866 780**	**4 763 730 908**	**-**	**4 763 730 908**
Loss for the year	-	-	-	-	-	(2 419 072 186)	(2 419 072 186)	-	**(2 419 072 186)**
Other comprehensive income:									
Currency translation differences	-	-	-	879 626 896	-	-	879 626 896	-	**879 626 896**
Revaluation surplus - net of tax	-	-	-	-	89 145 182	-	89 145 182	-	**89 145 182**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**879 626 896**	**89 145 182**	**(2 419 072 186)**	**(1 450 300 108)**	**-**	**(1 450 300 108)**
Transactions with owners in their capacity as owners:									
Share option cost	-	-	16 535 269	-	-	-	16 535 269	-	**16 535 269**
Dividend declared and paid	-	-	-	-	-	(24 531 300)	(24 531 300)	-	**(24 531 300)**
Balance as at 31 December 2020	**535 078 582**	**1 559 943 002**	**16 535 269**	**1 726 825 870**	**1 369 788 752**	**(1 902 736 706)**	**3 305 434 769**	**-**	**3 305 434 769**
Year ended 31 December 2021									
Balance as at 1 January 2021	**535 078 582**	**1 559 943 002**	**16 535 269**	**1 726 825 870**	**1 369 788 752**	**(1 902 736 706)**	**3 305 434 769**	**-**	**3 305 434 769**
Profit for the year	-	-	-	-	-	9 595 439 884	9 595 439 884	141 966 912	**9 737 406 796**
Other comprehensive income:									
Currency translation differences	-	-	-	17 990 412	-	-	17 990 412	-	**17 990 412**
Revaluation surplus - net of tax	-	-	-	-	3 312 536 406	-	3 312 536 406	234 955 880	**3 547 492 286**
Total comprehensive income for the year	**-**	**-**	**-**	**17 990 412**	**3 312 536 406**	**9 595 439 884**	**12 925 966 702**	**376 922 792**	**13 302 889 494**
Transactions with owners in their capacity as owners:									
Share options cost	-	-	23 636 209	-	-	-	23 636 209	-	**23 636 209**
Share issue	8 564 580	1 064 320 406	-	-	-	-	1 072 884 986	-	**1 072 884 986**
Non-controlling interest on acquisition	-	-	-	-	-	-	-	935 920 558	**935 920 558**
Balance as at 31 December 2021	**543 643 162**	**2 624 263 408**	**40 171 478**	**1 744 816 282**	**4 682 325 158**	**7 692 703 178**	**17 327 922 666**	**1 312 843 350**	**18 640 766 016**

Condensed consolidated statement of changes in equity (continued)
For the year ended 31 December 2021

HISTORICAL									
All figures in ZWL	**Share capital**	**Share premium**	**Equity settled share based payments reserve**	**Foreign currency translation reserve**	**Revaluation reserve**	**Retained earnings/ (accumulated losses)**	**Attributable to equity holders of the parent**	**Non-controlling interest**	**Total equity**
Year ended 31 December 2020									
Balance as at 1 January 2020	**8 617 716**	**25 123 685**	**-**	**54 037 995**	**294 163 180**	**87 872 352**	**469 814 928**	**-**	**469 814 928**
Loss for the year	-	-	-	-	-	(71 653 155)	(71 653 155)	-	**(71 653 155)**
Other comprehensive income:									
Currency translation differences	-	-	-	325 192 458	-	-	325 192 458	-	**325 192 458**
Revaluation surplus - net of tax	-	-	-	-	1 155 666 909	-	1 155 666 909	-	**1 155 666 909**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**325 192 458**	**1 155 666 909**	**(71 653 155)**	**1 409 206 212**	**-**	**1 409 206 212**
Transactions with owners in their capacity as owners:									
Share options cost	-	-	8 043 669	-	-	-	8 043 669	-	**8 043 669**
Dividend declared and paid	-	-	-	-	-	(4 998 218)	(4 998 218)	-	**(4 998 218)**
Balance as at 31 December 2020	**8 617 716**	**25 123 685**	**8 043 669**	**379 230 453**	**1 449 830 089**	**11 220 979**	**1 882 066 591**	**-**	**1 882 066 591**
Year ended 31 December 2021									
Balance as at 1 January 2021	**8 617 716**	**25 123 685**	**8 043 669**	**379 230 453**	**1 449 830 089**	**11 220 979**	**1 882 066 591**	**-**	**1 882 066 591**
Profit for the year	-	-	-	-	-	7 213 447 802	7 213 447 802	298 138 805	**7 511 586 607**
Other comprehensive income:									
Currency translation differences	-	-	-	15 403 705	-	-	15 403 705	-	**15 403 705**
Revaluation surplus - net of tax	-	-	-	-	6 104 472 007	-	6 104 472 007	425 312 463	**6 529 784 470**
Total comprehensive income for the year	**-**	**-**	**-**	**15 403 705**	**6 104 472 007**	**7 213 447 802**	**13 333 323 514**	**723 451 268**	**14 056 774 782**
Transactions with owners in their capacity as owners:							-		
Share options cost	-	-	20 759 665	-	-	-	20 759 665	-	**20 759 665**
Share Issue	5 617 456	698 081 062	-	-	-	-	703 698 518	-	**703 698 518**
Non-controlling interest on acquisition	-	-	-	-	-	-	-	551 697 928	**551 697 928**
Balance as at 31 December 2021	**14 235 172**	**723 204 747**	**28 803 334**	**394 634 158**	**7 554 302 096**	**7 224 668 781**	**15 939 848 288**	**1 275 149 196**	**17 214 997 484**

Condensed consolidated statement of cash flows
For the year ended 31 December 2021

All figures in ZWL	INFLATION ADJUSTED 31 December 2021	INFLATION ADJUSTED 31 December 2020	HISTORICAL 31 December 2021	HISTORICAL 31 December 2020
Cash flows from operating activities				
Cash generated from operations	643 751 213	40 161 204	769 003 534	305 522 405
Interest received	583 590	4 064 543	494 376	824 335
Interest paid	(888 478)	-	(618 237)	-
Finance cost paid - lease liabilities	(34 531 769)	(30 750 781)	(26 807 043)	(14 950 200)
Tax paid	(144 242 867)	(31 124 359)	(130 454 850)	(6 874 507)
Cash generated from operating activities	**464 671 689**	**(17 649 393)**	**611 617 780**	**284 522 033**
Cash utilised in investing activities				
Acquisition of subsidiary	55 236 445	-	36 229 237	-
Purchase of property and equipment	(370 168 373)	(287 852 399)	(306 349 772)	(210 493 631)
Purchase of investment property	(7 977 767)	-	(6 056 794)	-
Proceeds from sale of investment property	11 092 892	-	8 542 340	-
Proceeds from sale of property and equipment	16 017 420	-	12 851 069	-
Proceeds from sale of non-current assets held for sale	4 003 524	13 056 079	3 537 965	2 114 935
Cash utilised in investing activities	**(291 795 859)**	**(274 796 320)**	**(251 245 955)**	**(208 378 696)**
Cash utilised in financing activities				
Repayment of borrowings	(5 379 283)	-	(3 876 673)	-
Repayment of lease liabilities	(6 794 395)	(4 338 284)	(5 375 634)	(1 686 493)
Dividend paid	-	(24 531 291)	-	(4 998 217)
Cash utilised in financing activities	**(12 173 678)**	**(28 869 575)**	**(9 252 307)**	**(6 684 710)**
Increase/(decrease) in cash and cash equivalents	**160 702 152**	**(321 315 288)**	**351 119 518**	**69 458 627**
Cash and cash equivalents at beginning of the year	1 284 891 820	1 430 931 983	799 374 360	198 452 853
Exchange gains on cash and cash equivalents	105 830 318	854 258 457	105 830 318	531 462 880
Effects of restatement on cash and cash equivalents	(295 100 094)	(678 983 332)	-	-
Cash and cash equivalents at end of the year	**1 256 324 196**	**1 284 891 820**	**1 256 324 196**	**799 374 360**

Notes to the condensed consolidated financial statements
For the year ended 31 December 2021

1 Reporting entity

African Sun Limited ("the Company") and its subsidiaries (together "the Group") manage eleven hotels, operates two Lodges under a timeshare model in Zimbabwe and operates a regional sales and marketing office in South Africa that focuses on international and regional sales. The Group also develops residential properties which are either sold or held for capital appreciation and offers property management, property valuation and property agency services.

The Company is incorporated and domiciled in Zimbabwe, and listed on the Zimbabwe Stock Exchange (ZSE). The parent of the Company is Arden Capital Management (Private) Limited ("Arden"), which owns 62.73% (2020: 57.67%) of the ordinary share capital of the Company.

The Company's registered address is Monomotapa Hotel, Number 54 Park Lane Road, Harare, Zimbabwe.

These condensed consolidated financial statements were approved for issue by the Directors on 17 March 2022.

2 Basis of preparation

The condensed consolidated financial statements of the Group have been prepared in compliance ZSE Listing Requirements and the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") and disclosure requirements of International Financial Reporting ("IAS") 34 "Interim Financial Reporting" except for non-compliance with IFRS 13 "Fair Value Measurements" on the determination of the value of investment property and property and equipment for the comparable period. In the prior period, the method of determining the value of the investment property and property and equipment was performed in United States Dollars ("US$"), but was not an accurate reflection of market dynamics and the risk associated with ZWL transactions on a willing buyer, willing seller basis.

During the current period, the Group acquired a subsidiary Dawn Properties Limited ("DPL") under a common control transaction and elected to account for the transaction applying the acquistion method of IFRS 3 "Business Combinations", however at acquisition date the investment property and property and equipment, were also not compliant to IFRS 13 "Fair Value Measurements".

To achieve fair presentation the Group applied IAS 29 "Financial Reporting in Hyperinflationary Economies" to African Sun Limited Foreign Branch (foreign operation) historical amounts initially translated monthly using average exchange rates to ZWL for the Statement of Comprehensive Income line items and at period end using closing exchange rates for the Statement of Financial Position line items in terms of International Accounting Standard ("IAS") 21 'The Effects of Foreign Exchange Rates. This position was contrary to the auditors interpretation of the requirement of IAS 29 with regards to accounting for foreign operations as detailed in note 6.

The financial statements are prepared under historical cost convention as modified by the revaluation of investment property, biological assets and property and equipment and in the manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31). For the purposes of fair presentation in accordance with IAS 29, Financial reporting in hyperinflationary economies, the historical cost information has been restated for changes in general purchasing power of the Zimbabwe dollar ("ZWL") and appropriate adjustment and reclassifications have been made.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity whose assumptions and estimates are significant to the financial statements are disclosed in note 11.

The condensed consolidated financial statements is not audited and is only a summary of the information contained in the audited consolidated financial statements for the year ended 31 December 2021. The audited consolidated financial statements are available on request, at no charge, from the registered office of the Company during working hours or via email on venon.musimbe@africansunhotels.com.

The audit opinion to the audited consolidated financial statements for the year ended 31 December 2021 is an adverse opinion as summarized in the auditors report disclosed in note 3.

3 Auditors' Report On The Inflation Adjusted Consolidated Financial Statements

The Condensed Consolidated Financial Statements should be read in conjunction with the complete set of audited consolidated financial statements for the year ended 31 December 2021, which have been audited by Deloitte & Touche in accordance with the International Standards on Auditing and a modified opinion has been issued thereon. This opinion carries an adverse opinion with respect to:

- Non-compliance with International Accounting Standard (IAS 29) "Financial Reporting in Hyperinflationary Economies" on consolidating the South African Branch;
- Non-compliance with IFRS 13 "Fair Value Measurements" in the determination of the value of Investment Property and Property and Equipment for the prior year; and
- Non-compliance with IFRS 3 "Business Combinations" with respect to measurement of gain on bargain purchase on an acquisition transaction.

The audit opinion includes key audit matters in respect of valuation of investment property and property and equipment and going concern.

The audit opinion has been made available to management and those charged with the governance of African Sun Limited, and the opinion is available for inspection at their registered offices. The engagement partner responsible for this audit is Tapiwa Chizana.

4 Inflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of the measuring unit current at the end of reporting date. The restatement has been calculated by means of adjusting factors derived from the consumer price index (CPI) prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate the financial statements as at 31 December 2021, using 2020 base year are as follows:

Date	Indices	Adjusting Factor
CPI as at 31 December 2020	2 474.51	1.61
CPI as at 31 December 2021	3 977.46	1.00

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows:

All items in income statements are restated by applying relevant monthly adjusting factors;

The net effect of the inflation adjustments on the net monetary position of the Group is included in the income statement as a monetary loss or gain;

Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date;

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention. The policies affected are;

- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date; and
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor;

Property and Equipment that are carried at revalued amounts which approximate fair values are not restated and when not revalued are restated by applying inflation adjusting factors from the last date of revaluation.

Inventories are carried at the lower of indexed cost and net realisable value;

Biological assets are carried at the lower of indexed cost and fair value, less estimated point of sale costs;

Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities; and

All items of cash flow statement are expressed in terms of measuring unit current at the reporting date.

The Groups foreign subsidiary's transactions are restated as described in note 6.

5 Going concern

The Group delivered financial results for the year ended 31 December 2021 that reflected a significant improvement from prior year, closing the year with a normalized earnings before interest, tax, depreciation and amortization of ZWL1 955 101 608 (2020: ZWL 8 704 802). Normalised earnings before interest, tax, depreciation and amortization excluded gain on bargain purchase amounting to ZWL8 594 415 085 (2020: nil). Improved performance in 2021 was largely attributable to cost savings put in place at the onset of Covid 19, profit contribution from the subsidiary acquired during the year, Dawn Properties Limited (DPL) and improved hotel business performance, particularly City and Country hotels (note 13). Hotel occupancy at 31%, increased by 8 percentage points from 23% achieved in 2020.

The Directors remain optimistic about the prospects of a rebound in tourism in 2022 and beyond. The renewed optimism is backed by the waning impact of Covid 19 pandemic on the businesses and economies around the world, increased global vaccination rates and relaxation of Covid 19 restrictions by most countries around the world. Experts at the World Economic Forum's Davos Agenda 2022, are optimistic that the world can move from pandemic to endemic status in 2022.

As required by the International Auditing Standards (ISAs) the Directors considered the going concern status of the Group taking into account the current financial position of the Group, cash flow and liquidity projections, including sensitivity analysis and key commitments for a period exceeding 12 months from the reporting date. In the cash flow projections the Directors considered the local Covid 19 vaccination rates, improved flights into the region, improved economic activity in the country and cash flows from disposal of non-core assets.

The cash flows and sensitivity analysis have been anchored by the various operational initiatives implemented to ensure the Group remains well placed to be able to deal with the Covid 19 challenges. The aim is to position the Group to recover and drive growth as a leaner and more efficient business. These initiatives at corporate level, includes the following actions to significantly, increase operating capacity, reduce expenses and preserve liquidity:

- Carving out of and deferment of some capital expenditure programs;
- Disposal of DPL 's non-core assets to generate additional liquidity;
- Securing a standby loan facility amounting to US$2 million;
- Engagement with tour operators to defer bookings as opposed to cancellation; a situation that may call for refunds in foreign currency that was already liquidated;
- Engagement with suppliers for terms and conditions that will ensure sustainability during this phase that heavily impacted by Covid.

Based on the aforementioned, the Directors have assessed the ability of the Group to continue as going concerns and are of the view that, the preparation of these financial statements on a going concern basis is appropriate.

6 Application of IAS 29 on consolidated foreign operation financials

African Sun Limited (The Parent) has a foreign branch (African Sun Limited SA Branch). The Parent's functional and reporting currency is the ZWL, which also is the Group's reporting currency. The foreign entity's functional and reporting currency is the South African Rand ("ZAR"). The Group's reporting currency (ZWL) is of a hyperinflationary economy, whilst the foreign entity's functional currency (ZAR) is not of a hyperinflationary economy. On consolidation, the Group initially applies IAS 21 to translate the foreign operation into the reporting currency of the Group. Intra-group transactions and balances are appropriately eliminated in line with the guidance of IFRS 3 and IFRS 10. Subsequent to the initial recognition of the foreign entity's transactions in line with IAS 21 to ZWL for consolidation purposes, the Group then applies IAS 29 to all the consolidated monthly ZWL numbers in line with IAS 29 paragraph 26 and 30 which require the restatement of all statement of comprehensive income numbers in a hyperinflationary currency (ZWL) to current measuring unit at reporting date. Prior period comparative numbers are also restated to reflect the current measuring unit at reporting date.

6 Application of IAS 29 on consolidated foreign operation financials (continued)

While the interpretation of IAS 29 paragraph 35 appears to specifically exclude the accounting of the foreign operation with a non hyperinflationary currency under IAS 29, we believe it is acceptable for foreign operations financial statements accounted for in line with IAS 21 to be restated in accordance with IAS 29 from the transaction date. Our view insists that IAS 29's primary responsibility is to account for hyperinflation effects on historical financial statements in hyperinflationary currencies such as the ZWL. The foreign operation's financial statements are translated to ZWL, the reporting currency of the Group monthly and we apply IAS 29 to the Group's consolidated ZWL numbers subsequently.

The Group's position on the treatment of the foreign entity detailed above was adopted at the initial application of IAS 29 to the Group's financial statements in 2019. The Group therefore chose to continue applying IAS 29 on the ZWL consolidated numbers in line with IAS 29 paragraph 10; which emphasises the need for consistent application of management's judgement and procedures.

Should the Group apply the perceived alternative IAS 29 paragraph 35 approach to selective ZWL numbers, the effects on the Group's reported numbers would be as detailed below:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION EXTRACT

	INFLATION ADJUSTED 2021		
All figures in ZWL	31 December 2021 As presented	31 December 2021 Alternative Position	Difference
ASSETS			
Non-current assets			
Property and equipment	15 211 794 369	15 211 794 369	-
Right of use	572 975 341	572 975 341	-
Current assets			
Trade receivables	232 678 791	232 678 791	-
Cash and cash equivalents	1 256 324 196	1 256 324 196	-
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Foreign currency translation reserve	1 744 816 282	394 634 158	1 350 182 124
Retained earnings	7 692 703 178	9 042 885 302	(1 350 182 124)
Liabilities			
Non-current liabilities			
Lease liabilities	271 418 495	271 418 495	-
Deferred tax liabilities	1 787 864 735	1 787 864 735	-
Current liabilities			
Trade and other payables	1 238 976 697	1 238 976 697	-
Current income tax	49 689 052	49 689 052	-

6 Application of IAS 29 on consolidated foreign operation financials (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EXTRACT (CONTINUED)

	INFLATION ADJUSTED 2020		
All figures in ZWL	31 December 2020 As presented	31 December 2020 Alternative Position	Difference
ASSETS			
Non-current assets			
Property and equipment	3 158 586 569	3 157 973 384	613 185
Right of use	575 298 000	573 986 132	1 311 868
Current assets			
Trade receivables	170 701 571	163 006 342	7 695 229
Cash and cash equivalents	1 284 891 820	1 027 730 904	257 160 916
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Foreign currency translation reserve	1 726 825 870	379 230 450	1 347 595 420
Accumulated losses	(1 902 736 706)	(804 896 281)	(1 097 840 425)
Liabilities			
Non-current liabilities			
Lease liabilities	410 780 429	409 169 772	1 610 657
Deferred tax liabilities	510 480 233	510 420 467	59 766
Current liabilities			
Trade and other payables	1 255 505 869	1 248 044 405	7 461 464
Current income tax	22 989 434	15 095 117	7 894 317

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME EXTRACT

	INFLATION ADJUSTED 2021		
All figures in ZWL	31 December 2021 As presented	31 December 2021 Alternative Position	Difference
Profit and loss items			
Other income	1 431 420 542	1 433 492 258	(2 071 716)
Operating expenses	(3 159 507 927)	(3 147 311 100)	(12 196 827)
Finance income	583 590	565 333	18 257
Finance costs - lease liabilities	(34 531 769)	(34 450 659)	(81 110)
Net monetary loss (IAS29)	(22 883 111)	(22 818 968)	(64 143)
Income tax expense	(33 828 083)	(32 806 624)	(1 021 459)
Other comprehensive income net of tax:			
Exchange differences on translation of foreign operations	17 990 412	15 403 705	2 586 707

6 Application of IAS 29 on consolidated foreign operation financials (continued)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME EXTRACT (CONTINUED)

All figures in ZWL	INFLATION ADJUSTED 2020 31 December 2020 As presented	31 December 2020 Alternative Position	Difference
Profit and loss items			
Other income	246 852 820	233 661 064	13 191 756
Operating expenses	(2 536 371 909)	(2 573 771 592)	37 399 683
Finance income	4 064 543	6 695 906	(2 631 363)
Finance costs - lease liabilities	(30 750 781)	(31 349 023)	598 242
Net monetary loss (IAS29)	(2 120 607 781)	(2 372 065 746)	251 457 965
Income tax credit	562 828 043	559 488 184	3 339 859
Other comprehensive income net of tax:			
Exchange differences on translation of foreign operations	879 626 896	802 019 687	77 607 209

The summarised net effects of the above variances, should the Group adopt the auditors approach is as detailed below;

All figures in ZWL	INFLATION ADJUSTED 31 December 2021	31 December 2020
Increase in profit	(15 416 998)	(1 097 840 425)
Decrease in FCTR-other comprehensive income	2 586 707	1 347 595 420
Net (increase)/decrease in equity	**(12 830 291)**	**249 754 995**
Decrease in assets	-	(266 781 199)
Decrease in liabilities	-	17 026 204
Net decrease in net assets	**-**	**(249 754 995)**

From the financial statements extract above, it is the Directors' view that should the Group not apply IAS 29 to the consolidated ZWL numbers, the Group will not achieve fair presentation as defined under IAS 1 and the conceptual framework. In addition, the Directors are of the view that this renders comparability of the Group's financial statements meaningless. This difference in technical interpretation of IAS29 is one of the basis for adverse opinion as detailed in the audit opinion.

7 Restatement of prior year financial statements due to inappropriate method applied in determing inflation adjusted cost of sales

The Group adopted IAS 29- "Financial Reporting in Hyperinflationary Economies" with effect from 1 January 2019, after the Public Accountants and Audit Board pronounced that the Zimbabwe local currency was in hyperinflation. IAS29 requires that all amounts reported be stated in terms of the measuring unit current at the end of the reporting period. To achieve this, the historical amounts are restated by applying the inflation indices from the date it was first recognised in the financial statements (transaction date). The restatement of financial statements in accordance with IAS 29 allowed the use of procedures and judgments while emphasising on consistent application of these procedures and judgments as opposed to the precise accuracy of the resulting amounts included in the restated financial statements.

Since the initial adoption of IAS 29, the Group has applied the direct method to adjust the 'cost of sales' from the historical amounts to inflation-adjusted amounts. The direct method implies that the monthly cost of sales expense on historical numbers is adjusted by applying the monthly inflation indices. Management believed that this method is compliant with IAS 29 and has consistently applied it in previous periods. After due consideration relating to fair presentation, management decided to change to the 'indirect method' in respect of restating the cost of sales.

In terms of the indirect method, the cost of sales expense is determined as a function of various components which are; opening inventories, closing inventories, and purchases. Each component is restated separately to determine the restated cost of sales expenses as a function of the restated components.

This method was applied retrospectively by the re-computing prior period cost of sales expenses. This revision further resulted in the restatement of items in the statement of comprehensive income i.e. cost of sales and net-monetary loss recognised in the prior year with effect from 1 January 2020. This does not have any impact on current and prior year profit nor the statement of financial position.

The impact of the change in the method of hyper-inflating cost of sales expense on the Group's Statement of Comprehensive Income is as follows;

All figures in ZWL	31 December 2020
Increase in cost of sales	(287,903,515)
Decrease in monetary loss	287,903,515
Change in profit for the year	-
Change in basic earnings	-

As seen above the impact on the prior year cost of sales comparatives was an increase to ZW$1 114 417 027 from ZWL$826 513 511 and consequently the net monetary gain increased to ZW$ 2 696 415 638. The change in cost of sales method had no impact on basic earning per share as there was no impact on profit.

The retrospective application has not resulted in restatement of any component of equity.

8 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the changes below;

a) Acquisition of Dawn: Business Combination of Entities Under Common Control

On 20 January 2021, the Company acquired majority shareholding of Dawn Properties Limited ("DPL"), a Company previously owned by the parent "Company Arden" - Capital Limited. As such, the acquisition is a business combination of entities under common control.

A business combination of entities under common control is scoped out of IFRS 3 - 'Business Combination". Resultantly, the Group had to develop an accounting policy to account for such transactions in line with IAS 8 - "Accounting Policies, Accounting Estimates and Errors"; and the Conceptual Framework. The Group elected to adopt IFRS 3 to account for common control transactions.

Gain on bargain purchase: Dawn Properties Limited acquisition

The following information relate to the acquisition of Dawn Properties Limited, aquire on 20 January 2021 through a share swap:

All figures in ZWL	Restated	Historical
Identifiable net assets value	10 603 220 629	6 250 289 949
Fair value of non-monetary assets transferred as consideration	(1 072 884 986)	(703 698 516)
Non-controlling interest	(935 920 558)	(551 697 928)
Gain on bargain purchase	**8 594 415 085**	**4 994 893 505**
Consideration paid in cash	-	-
Cash and cash equivalents in subsidiary acquired	55 236 445	36 229 237
Net cash inflow from acquisition of subsidiary	**55 236 445**	**36 229 237**

The purchase consideration, is the market value of ASL shares issued to DPL shareholders on 20 January 2021, restated to December 2021 in line with IAS 29 - "Financial Reporting in Hyperinflationary Economies".

The gross contractual amounts of the receivables acquired were ZWL 131 803 597 and the best estimate at the acquisition date of the contractual cash flows not expected to be collected are ZWL 2 675 849. Resultantly the fair value of the receivables acquired are ZWL 129 127 748.

All the other identifiable net assets were recognised at their best estimated fair values (market rates) on the acquisition date.

8 Accounting policies (continued)

b) Impairment of assets

The Group considered COVID-19 as a trigger of impairment and has assessed the impact of the pandemic on the recoverable amounts of the assets. However, some of the Group's significant assets fall outside the scope of IAS 36, "Impairment of Assets", such as trade receivables, cash and cash equivalents and inventory. All the material classes of assets, namely property and equipment and investment property with the exception of capital work in progress and service stocks are held under the revaluation model and the carrying amounts are deemed to be fair values. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Plant and equipment and investment property was revalued on 31 December 2021, refer to note 10(e) principal assumptions underlying estimation of fair value of property and equipment and investment property. The revalued amounts are based on valuations by external independent valuers.

c) Definitions of non IFRS measures

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

This is the profit before financing costs or income, income tax, depreciation and amortisation.

Normalised earnings before interest, tax, depreciation and amortisation

This is EBITDA adjusted for unusual transaction and non-recurring items to allow comparison with prior periods.

9 Investment property

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Balance at the beginning of the year				
Acquisitions (excluding owner occupied hotel properties)	2 291 574 114	-	1 425 665 230	-
Additions	151 591 944	-	8 369 774	-
Transfer to assets classified as held for sale	(201 210 835)	-	(153 520 000)	-
Disposals	(15 117 332)		(9 405 000)	-
Fair value gains	1 146 301 109	-	2 102 028 996	-
Balance at the end of the year	**3 373 139 000**	**-**	**3 373 139 000**	**-**

Acquisitions relate to investment properties recognised as a result of the acquisition of Dawn Properties Limited ("DPL") effective January 2021. These investment properties are classified under the "Real Estate Segment" of the Group which comprises of eight hotel properties, two timeshare lodges, residential properties as well as a vast undeveloped land across Zimbabwe, held either for capital appreciation or development. Seven of the eight hotel properties are leased to a fellow subsidiary of DPL, African Sun Zimbabwe (Pvt) Ltd. Hotel properties leased to a fellow subsidiary are classified to property plant and equipment on consolidation as they are taken as owner occupied at Group level.

Additions relate to two pieces of land situated in Harare, measuring a combined land area of 2.3 Hectares, that were acquired during the year.

10 Assets classified as held for sale

The carrying amounts of non-current assets held for sale as at 31 December 2021 is summarised as follows:

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Balance at the beginning of the year				
Transfer from Investment property	201 210 835	-	153 520 000	-
Impairment	(17 789 390)	-	-	-
Fair value gains	17 470 224		41 656 300	
Disposal	(15 125 369)	-	(9 410 000)	-
Balance at the end of the year	**185 766 300**	**-**	**185 766 300**	**-**

In January 2021, African Sun Limited acquired DPL and amongst the assets acquired were assets classified as non current assets held for sale, namely Brondesbury Park Hotel and a 1.7 hectares piece of land in Harare. Following the decision by Board to dispose non-core assets under the Real Estate segment, two land pieces one in Mandara and another one in Glen Lorne, met the non-current asset held for sale recognition criteria under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and were reclassified from investment property to non current assets held for sale category. The disposal disclosed above relates to Glen Lorne land bank that was disposed before the end of the year.

The properties classified as non-current assets held for sale were measured at the lower of carrying amount and fair value less costs to sale as required by IFRS 5 - "Non-current assets held for sale and discontinued operations". The fair values of the hotel property and piece of land were determined using the depreciated replacement cost approach and the market comparison method, respectively.

11 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Income taxes

Significant judgement is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

(b) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 31 December 2021, the Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Some of the initiatives implemented to ensure the Group improves its profitability and continues as a going concern are discussed in note 5.

11 Critical accounting estimates and judgements (continued)

(c) Impairment of trade receivables and financial assets

The Group carried out an impairment review of its financial instruments balances as at 31 December 2021 using the simplified impairment approach which uses both historical and forward-looking information as required by IFRS 9. When developing the simplified impairment provisioning matrix, trade receivables ageing and write offs over the past 6 years were used to assess the historical default rates over the expected life of the trade receivables. The historical default rates are adjusted for forward-looking estimates in accordance with IFRS 9 to determine the average default rate. The forward looking estimates increased as at 31 December 2021 as a result of Covid 19 induced uncertainties and other macro-economic factors.

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying expected credit losses model of impairing trade receivables.

Significant increase of credit risk - in assessing whether the credit risk of an asset has significantly increased the Directors considers qualitative and quantitative reasonable and supportable forward-looking information.

- Model and assumptions used - the Group used model and assumptions in measuring fair value of financial assets as well as estimating expected credit losses ("ECL"). The directors have applied judgement in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risks.
- Business model assessment - the Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of assets and how these are managed.

(d) Determination of lease terms

The Group leases various office buildings, hotel buildings, golf course, car park and staff housing. Rental contracts are typically made for fixed periods of two years to fifteen years. Leases for hotel buildings have extension options for renewal at the end of the lease up to five renewals at the option of the Group.

The Group determined that the non-cancellable period of the leases are the original lease terms, together with the periods covered by options to extend the leases that the Group is reasonably certain to extend because of both significant leasehold improvements undertaken, and the importance of the underlying lease assets to the Group's operations.

11 Critical accounting estimates and judgements (continued)

(e) Principal assumptions underlying estimation of fair value of property and equipment and investment property

The property and equipment and investment property, was valued as at 31 December 2021 by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards.

In 2021 the macro economic environment improved with annual inflation declining to 92.54% from 557.21% in 2020. The economic instability in 2019 and 2020 made it difficult to obtain ZWL inputs for valuations and valuers ended up valuing using US$ inputs. The decrease in inflation during 2021 saw a marked increase in ZWL transactions, resulting of a relatively stable economy. Valuations in 2021 were done using ZWL inputs. Valuations in 2019 and 2020, were done using US$ inputs and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US$ valuation inputs to calculate ZWL values is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading. This was one of the basis of adverse opinion in 2019 and in the prior year. The valuation was based on either the market comparison and cost approach for each catergory of asset as detailed below. Both valuation approaches conform to international valuation standards.

Freehold properties was valued in ZWL using the market comparable approach. This method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then analyzed and applied to the subject property varied by scrutiny of comparables not exactly equivalent in size, quality and location.

Equipment and motor vehicles were valued in ZWL based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year. The depreciated replacement cost is derived from adjusting current prices drawn from recent transactions in general, for contractual, location and inherent differences.

Investment property was valued in ZWL, the valuation basis is a market comparison method for land and cost approach for buildings, both valuation basis conform to international valuation standards.

12 Financial risk management

(i) Key liquidity risk disclosures

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Cash flow forecasting is performed at the operating entity level of the Group and aggregated by the Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

12 Financial risk management (continued)

(i) Key liquidity risk disclosures (continued)

Surplus cash held by the operating entities in excess of the amount required for working capital management are transferred to the Group Finance. Group Finance invests surplus cash in interest bearing current accounts, time deposits and money markets deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The tables below analyses the Group and Company's liquidity gap in to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	INFLATION ADJUSTED			
All figures in ZWL	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
As at 31 December 2021				
Liabilities				
Trade and other payables	(1 238 976 697)	-	-	**(1 238 976 697)**
Lease liabilities	(5 529 821)	(14 204 875)	(257 213 620)	**(276 948 316)**
Total liabilities	**(1 244 506 518)**	**(14 204 875)**	**(257 213 620)**	**(1 515 925 013)**
Assets held for managing liquidity risk				
Trade and other receivables	466 473 453	8 734 288	-	**475 207 741**
Cash and cash equivalents	1 256 324 196	-	-	**1 256 324 196**
Total assets held for managing liquidity risk	**1 722 797 649**	**8 734 288**	**-**	**1 731 531 937**
Liquidity gap	**478 291 131**	**(5 470 587)**	**(257 213 620)**	**215 606 924**
Cumulative liquidity gap	**478 291 131**	**472 820 544**	**215 606 924**	**-**
As at 31 December 2020				
Liabilities				
Trade and other payables	(1 255 505 869)	-	-	**(1 255 505 869)**
Lease Liabilities	(6 942 972)	(14 515 151)	(396 265 278)	**(417 723 401)**
Total liabilities	**(1 262 448 841)**	**(14 515 151)**	**(396 265 278)**	**(1 673 229 270)**
Assets held for managing liquidity risk				
Trade and other receivables	330 615 091	9 952 623	-	**340 567 714**
Cash and cash equivalents	1 284 891 820	-	-	**1 284 891 820**
Total assets held for managing liquidity risk	**1 615 506 911**	**9 952 623**	**-**	**1 625 459 534**
Liquidity gap	**353 058 070**	**(4 562 528)**	**(396 265 278)**	**(47 769 736)**
Cumulative liquidity gap	**353 058 070**	**348 495 542**	**(47 769 736)**	**-**

Notes to the condensed consolidated financial statements (continued)

For the year ended 31 December 2021

12 Financial risk management (continued)

(i) Key liquidity risk disclosures (continued)

All figures in ZWL	HISTORICAL Less than 1 year	1 to 5 years	More than 5 years	Total
As at 31 December 2021				
Liabilities				
Trade and other payables	(1 238 976 697)	-	-	**(1 238 976 697)**
Lease Liabilities	(5 529 821)	(14 204 875)	(257 213 620)	**(276 948 316)**
Total liabilities	**(1 244 506 518)**	**(14 204 875)**	**(257 213 620)**	**(1 515 925 013)**
Assets held for managing liquidity risk				
Trade and other receivables	425 925 939	8 734 288	-	**434 660 227**
Cash and cash equivalents	1 256 324 196	-	-	**1 256 324 196**
Total assets held for managing liquidity risk	**1 682 250 135**	**8 734 288**	**-**	**1 690 984 423**
Liquidity gap	**437 743 617**	**(5 470 587)**	**(257 213 620)**	**175 059 410**
Cumulative liquidity gap	**437 743 617**	**432 273 030**	**175 059 410**	**-**
As at 31 December 2020				
Liabilities				
Trade and other payables	(781 092 373)	-	-	**(781 092 373)**
Lease Liabilities	(4 319 456)	(9 030 363)	(246 529 940)	**(259 879 759)**
Total liabilities	**(785 411 829)**	**(9 030 363)**	**(246 529 940)**	**(1 040 972 132)**
Assets held for managing liquidity risk				
Trade and other receivables	175 818 933	6 191 861	-	**182 010 794**
Cash and cash equivalents	799 374 360	-	-	**799 374 360**
Total assets held for managing liquidity risk	**975 193 293**	**6 191 861**	**-**	**981 385 154**
Liquidity gap	**189 781 464**	**(2 838 502)**	**(246 529 940)**	**(59 586 978)**
Cumulative liquidity gap	**189 781 464**	**186 942 962**	**(59 586 978)**	**-**

(ii) Key credit risk disclosures

Trade receivables

The Group applies the IFRS 9, simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 2021 respectively.

The historical expected credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the current liquidity challenges, inflation and foreign currency shortages to be the most relevant factors, and accordingly adjusted the historical credit loss rates based on expected changes in these factors.

The closing expected credit loss allowances for trade receivables as at 31 December 2021 reconcile to the opening expected credit loss allowances as follows:

All figures in ZWL	INFLATION ADJUSTED 31 December 2021	31 December 2020	HISTORICAL 31 December 2021	31 December 2020
Opening expected credit loss allowance as at 1 January	61 165 903	115 484 210	38 053 363	16 016 255
(Decrease)/increase in expected credit loss allowance recognised in profit or loss during the period	(22 399 605)	(54 318 307)	712 935	22 037 108
Closing expected credit loss allowance	**38 766 298**	**61 165 903**	**38 766 298**	**38 053 363**

12 Financial risk management (continued)

(ii) Key credit risk disclosures (continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include staff and key management personnel debtors and receivables from related parties.

13 Segment analysis

The executive committee assesses the performance of the operating segments based on:

- hotel occupancies;
- hotel revenue per available room ("RevPAR");
- hotel average daily room rate ("ADR"); and
- profitability.

1. **Country and City Hotels**
   This segment comprises of Troutbeck Resort, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Monomotapa Hotel. The hotels are headed by the Country and City Hotels Operations Executive who reports to the Chief Executive Officer.

2. **Resort Hotels**
   The segment is made up of the Elephant Hills Resort and Conference Centre, The Kingdom at Victoria Falls, Hwange Safari Lodge, Great Zimbabwe and Caribbea Bay Resort. The hotels are headed by the Resort Hotels Operations Executive who reports to the Chief Executive Officer.

3. **Partnership**
   This refers to The Victoria Falls Hotel which is jointly operated with Meikles Hospitality (Private) Limited and is an affiliate of the Leading Hotels of the World (LHW).

4. **Real Estate**
   This segment includes eight hotels, seven of which are leased to the hospitality segment, two timeshare lodges, residential properties in Harare, land banks across Zimbabwe, held either for sale or capital appreciation. This segment also includes a property consultancy business that offers property management, valuation, agency and other and property related ancillary services.

5. **Other**
   This segment comprise of Sun Leisure, Central Office and the South Africa Branch. Sun Leisure houses the Group's touring division (Sun Leisure Tours) and the Casinos (Sun Casinos).

Revenue from contracts with customers

Intercompany sales within segments are eliminated on consolidation. The revenue from external parties reported to the executive committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income. The Group derives revenue from the transfer of goods and services at a point in time in most of its segments while revenue is also recognised over time from Time Shares.

The amounts provided to the executive committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Group does not rely on any one specific customer as none of its customers contribute a minimum of 10% of its revenue.

13 Segment analysis (continued)

The financial information for the reportable segments is as follows:

	INFLATION ADJUSTED						
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2021							
Sale of rooms	1 272 607 634	650 715 468	86 155 208	-	-	-	**2 009 478 310**
Sale of food and beverages	1 034 373 986	508 300 623	29 486 595	-	-	-	**1 572 161 204**
Management fees and commissions	-	-	-	-	44 271 856	(44 271 856)	**-**
Conferencing	41 919 918	35 687 289	-	-	-	-	**77 607 207**
Property development sales	-	-	-	141 484 915	-	-	**141 484 915**
Valuation and consultancy services	-	-	-	97 443 242	-	(4 791 345)	**92 651 897**
Property rentals	-	-	-	274 595 919	-	(253 412 725)	**21 183 194**
Other income	217 707 905	148 439 484	24 218 845	-	18 866 235	(672 495)	**408 559 974**
Revenue from contracts with customers	**2 566 609 443**	**1 343 142 864**	**139 860 648**	**513 524 076**	**63 138 091**	**(303 148 421)**	**4 323 126 701**
Gaming income	-	-	-	-	5 396 563	-	**5 396 563**
Total revenue	**2 566 609 443**	**1 343 142 864**	**139 860 648**	**513 524 076**	**68 534 654**	**(303 148 421)**	**4 328 523 264**
Timing of recognition of revenue							
At a point in time	2 566 609 443	1 343 142 864	139 860 648	513 524 076	68 534 654	(303 148 421)	**4 328 523 264**
Total revenue	**2 566 609 443**	**1 343 142 864**	**139 860 648**	**513 524 076**	**68 534 654**	**(303 148 421)**	**4 328 523 264**
Material items included in profit/(loss) before tax							
Cost of sales	(718 390 187)	(413 366 669)	(28 679 544)	(159 088 206)	(4 663 719)	-	**(1 324 188 325)**
Employee benefit expenses	(285 587 682)	(202 063 267)	(28 534 011)	(80 939 324)	(239 880 120)	-	**(837 004 404)**
Short term, low value and variable lease expenses	(233 801 936)	(220 667 092)	(13 178 798)	(6 186 550)	(972 619)	253 412 725	**(221 394 270)**
Fair value gains on investment property	-	-	-	4 567 173 374	-	(3 403 402 041)	**1 163 771 333**
Exchange (loss)/gain	(8 125 014)	(68 316 470)	15 377 228	23 323 110	185 909 127	-	**148 167 981**
Other information							
EBITDA	**754 775 225**	**(6 285 186)**	**6 367 710**	**4 704 736 927**	**(150 720 282)**	**5 182 247 710**	**10 491 122 104**
Depreciation	(213 185 432)	(143 780 276)	(54 383 279)	(30 941 348)	(63 992 894)	(92 953 825)	**(599 237 054)**
Rights of use assets amortisation	(9 739 971)	(320 528)	(49 398)	-	(5 303 628)	-	**(15 413 525)**
Finance costs - borrowings (net)	(20 922 694)	(26 594 184)	-	(395 581)	90 693	-	**(47 821 766)**
Finance costs - lease liabilities	(32 084 567)	(830 407)	(130 911)	-	(1 485 884)	-	**(34 531 769)**
Net monetary loss (IAS29)	-	-	-	(41 538 481)	18 655 370	-	**(22 883 111)**
Profit/(loss) before income tax	**478 842 561**	**(177 810 581)**	**(48 195 878)**	**4 631 861 517**	**(202 756 625)**	**5 089 293 885**	**9 771 234 879**
Total assets as at 31 December 2021	**3 562 085 284**	**2 114 018 518**	**414 457 867**	**15 680 399 831**	**2 563 298 492**	**(2 198 019 377)**	**22 136 240 615**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	92 888 920	80 149 977	163 445 957	12 454 431	21 229 088	-	**370 168 373**
Total liabilities as at 31 December 2021	**847 055 197**	**700 713 492**	**50 403 345**	**532 519 196**	**656 728 202**	**708 055 167**	**3 495 474 599**

13 Segment analysis (continued)

The financial information for the reportable segments is as follows:

	INFLATION ADJUSTED						
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2020							
Sale of rooms	1 085 742 849	367 687 564	92 034 912	-	-	-	**1 545 465 325**
Sale of food and beverages	847 497 047	388 834 553	44 007 724	-	-	-	**1 280 339 324**
Management fees and commissions	-	-	-	-	80 956 614	(80 956 614)	**-**
Conferencing	35 001 706	25 541 731	-	-	-	-	**60 543 437**
Other income	30 091 990	23 429 243	8 952 378	-	3 447 391	-	**65 921 002**
Revenue from contracts with customers	**1 998 333 592**	**805 493 091**	**144 995 014**	**-**	**84 404 005**	**(80 956 614)**	**2 952 269 088**
Gaming income	-	-	-	-	5 218 114	-	**5 218 114**
Total revenue	**1 998 333 592**	**805 493 091**	**144 995 014**	**-**	**89 622 119**	**(80 956 614)**	**2 957 487 202**
Timing of recognition of revenue							
At a point in time	1 998 333 592	805 493 091	144 995 014	-	89 622 119	(80 956 614)	**2 957 487 202**
Total revenue	**1 998 333 592**	**805 493 091**	**144 995 014**	**-**	**89 622 119**	**(80 956 614)**	**2 957 487 202**
Material items included in profit/(loss) before tax							
Cost of sales	(674 450 139)	(381 192 544)	(56 325 140)	-	(2 448 920)	-	**(1 114 416 743)**
Employee benefit expenses	(218 564 243)	(178 226 231)	(34 361 562)	-	(151 623 649)	-	**(582 775 685)**
Short term, low value and variable lease expenses	(186 447 562)	(80 394 892)	(14 238 164)	-	(1 782 876)	-	**(282 863 494)**
Exchange (loss)/gain	(344 338 870)	(222 024 696)	82 144 444	-	170 893 255	-	**(313 325 867)**
Other information							
EBITDA	**568 742 655**	**(186 330 812)**	**35 411 495**	**-**	**(777 978 665)**	**80 956 614**	**(279 198 713)**
Depreciation	(231 536 172)	(138 013 450)	(51 350 613)	-	(42 305 192)	-	**(463 205 427)**
Rights of use assets amortisation	(8 511 249)	(730 705)	(100 805)	-	(4 731 318)	-	**(14 074 077)**
Finance costs - borrowings (net)	(35 071 407)	(43 057 209)	(687 648)	-	4 752 814	-	**(74 063 450)**
Finance costs - lease liabilities	(27 321 515)	(1 906 274)	(313 163)	-	(1 209 829)	-	**(30 750 781)**
Net monetary loss (IAS29)	-	-	-	-	(2 120 607 781)	-	**(2 120 607 781)**
Profit/(loss) before income tax	**266 302 312**	**(370 038 450)**	**(17 040 734)**	**-**	**(2 942 079 971)**	**80 956 614**	**(2 981 900 229)**
Total assets as at 31 December 2020	**2 596 319 418**	**1 163 034 463**	**326 681 172**	**-**	**1 567 954 091**	**-**	**5 653 989 144**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	101 659 889	131 673 802	3 588 720	-	50 929 988	-	**287 852 399**
Total liabilities as at 31 December 2020	**1 108 310 454**	**666 492 355**	**57 396 790**	**-**	**516 354 776**	**-**	**2 348 554 375**

13 Segment analysis (continued)

The financial information for the reportable segments is as follows:

	HISTORIAL						
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2021							
Sale of rooms	1 041 011 123	565 776 159	73 943 512	-	-	-	**1 680 730 794**
Sale of food and beverages	859 836 648	442 657 223	25 412 672	-	-	-	**1 327 906 543**
Management fees and commissions	-	-	-	-	36 193 044	(36 193 044)	**-**
Conferencing	34 761 027	31 767 679	-	-	-	-	**66 528 706**
Property development sales	-	-	-	117 933 271	-	-	**117 933 271**
Valuation and consultancy services	-	-	-	76 360 865	-	(3 324 563)	**73 036 302**
Property rentals	-	-	-	231 968 541	-	(214 766 853)	**17 201 688**
Other income	182 232 992	129 346 764	20 704 979	-	16 715 514	(513 191)	**348 487 058**
Revenue from contracts with customers	**2 117 841 790**	**1 169 547 825**	**120 061 163**	**426 262 677**	**52 908 558**	**(254 797 651)**	**3 631 824 362**
Gaming income	-	-	-	-	4 463 630	-	**4 463 630**
Total revenue	**2 117 841 790**	**1 169 547 825**	**120 061 163**	**426 262 677**	**57 372 188**	**(254 797 651)**	**3 636 287 992**
Timing of recognition of revenue							
At a point in time	2 117 841 790	1 169 547 825	120 061 163	426 262 677	57 372 188	(254 797 651)	**3 636 287 992**
Total revenue	**2 117 841 790**	**1 169 547 825**	**120 061 163**	**426 262 677**	**57 372 188**	**(254 797 651)**	**3 636 287 992**
Material items included in profit before tax							
Cost of sales	(569 518 331)	(341 879 968)	(23 584 466)	(24 076 583)	(3 814 486)	-	**(962 873 834)**
Employee benefit expenses	(235 304 463)	(168 498 625)	(23 583 986)	(64 631 906)	(196 554 004)	-	**(688 572 984)**
Short term, low value and variable lease expenses	(193 769 174)	(180 212 563)	(11 318 937)	(4 604 292)	(827 822)	214 766 853	**(175 965 935)**
Fair value gains on investment property	-	-	-	8 428 663 572	-	(6 284 978 276)	**2 143 685 296**
Exchange (loss)/gain	(10 614 212)	(59 539 777)	11 166 993	20 901 944	164 050 406	-	**125 965 354**
Other information							
EBITDA	**650 472 316**	**57 771 747**	**9 323 229**	**8 678 343 649**	**(114 289 482)**	**(1 297 756 396)**	**7 983 865 063**
Depreciation	(164 924 328)	(111 882 869)	(42 035 022)	(8 926 467)	(37 427 644)	(73 243 011)	**(438 439 341)**
Rights of use assets amortisation	(7 553 326)	(248 393)	(38 281)	-	(4 205 179)	-	**(12 045 179)**
Finance costs - borrowings (net)	(17 706 318)	(23 113 407)	-	(196 297)	72 436	-	**(40 943 586)**
Finance costs - lease liabilities	(24 859 421)	(643 290)	(101 416)	-	(1 202 916)	-	**(26 807 043)**
Profit/(loss) before income tax	**435 428 923**	**(78 116 212)**	**(32 851 490)**	**8 669 220 885**	**(157 052 785)**	**(1 370 999 407)**	**7 465 629 914**
Total assets as at 31 December 2021	**2 748 439 241**	**1 631 137 659**	**319 788 038**	**15 123 706 581**	**1 977 793 792**	**(739 901 846)**	**21 060 963 465**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	76 728 133	66 205 507	135 009 677	10 870 798	17 535 657	-	**306 349 772**
Total liabilities as at 31 December 2021	**847 055 197**	**700 713 492**	**50 403 345**	**447 830 202**	**528 534 258**	**1 271 429 487**	**3 845 965 981**

13 Segment analysis (continued)

The financial information for the reportable segments is as follows:

	HISTORICAL						
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Real Estate**	**Other**	**Inter segments**	**Consolidated**
For the year ended 31 December 2020							
Sale of rooms	487 799 009	143 636 795	19 902 666	-	-	-	**651 338 470**
Sale of food and beverages	378 521 425	129 759 618	10 454 523	-	-	-	**518 735 566**
Management fees and commissions	-	-	-	-	21 726 890	(21 726 890)	**-**
Conferencing	14 962 964	5 946 894	-	-	-	-	**20 909 858**
Other income	15 286 935	8 563 230	2 723 707	-	2 074 137	-	**28 648 009**
Revenue from contracts with customers	**896 570 333**	**287 906 537**	**33 080 896**	**-**	**23 801 027**	**(21 726 890)**	**1 219 631 903**
Gaming income	-	-	-	-	1 535 941	-	**1 535 941**
Total revenue	**896 570 333**	**287 906 537**	**33 080 896**	**-**	**25 336 968**	**(21 726 890)**	**1 221 167 844**
Timing of recognition of revenue							
At a point in time	896 570 333	287 906 537	33 080 896	-	25 336 968	(21 726 890)	**1 221 167 844**
Total revenue	**896 570 333**	**287 906 537**	**33 080 896**	**-**	**25 336 968**	**(21 726 890)**	**1 221 167 844**
Material items included in profit/(loss) before tax							
Cost of sales	(200 504 228)	(97 042 564)	(10 696 053)	-	(811 401)	-	**(309 054 246)**
Employee benefit expenses	(82 612 201)	(63 172 979)	(11 661 854)	-	(59 002 016)	-	**(216 449 050)**
Short term, low value and variable lease expenses	(80 593 723)	(28 097 908)	(3 172 724)	-	(536 548)	-	**(112 400 903)**
Exchange (loss)/gain	(130 412 468)	(82 718 914)	23 707 575	-	52 018 592	-	**(137 405 215)**
Other information							
EBITDA	**384 779 871**	**(34 903 087)**	**(828 579)**	**-**	**(332 749 235)**	**21 726 890**	**38 025 860**
Depreciation	(93 517 991)	(53 140 232)	(18 164 890)	-	(16 984 090)	-	**(181 807 203)**
Rights of use assets amortisation	(4 275 523)	(248 393)	(38 280)	-	(1 785 483)	-	**(6 347 679)**
Finance costs - borrowings (net)	(21 818 884)	(26 787 336)	(116 416)	-	940 922	-	**(47 781 714)**
Finance costs - lease liabilities	(13 795 393)	(649 421)	(102 301)	-	(403 085)	-	**(14 950 200)**
Profit/(Loss) before income tax	**251 372 080**	**(115 728 469)**	**(19 250 466)**	**-**	**(350 980 971)**	**21 726 890**	**(212 860 936)**
Total assets as at 31 December 2020	**1 508 909 460**	**675 907 974**	**189 858 115**	**-**	**911 251 807**	**-**	**3 285 927 356**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):							
-Property and equipment	84 504 538	95 387 045	2 644 954	-	27 957 094	-	**210 493 631**
Total liabilities as at 31 December 2020	**675 602 775**	**406 279 741**	**34 987 878**	**-**	**286 990 371**	**-**	**1 403 860 765**

14 Provisions for other liabilities

Provisions are recorded when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amounts of the obligations. A reliable estimate is the amount the Group would rationally pay to settle the obligation at the reporting date.

The provisions balance is made up of the following:

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Leave pay	33 558 566	(4 388 885)	33 558 566	(2 730 473)
Contractual claims	92 142 513	51 264 716	92 142 513	31 893 502
Claims from former employees	-	3 705 466	-	2 305 295
Other	10 866 600	91 274 141	10 866 600	56 784 709
	136 567 679	**141 855 438**	**136 567 679**	**88 253 033**

(a) Leave pay

This amount is the Group's liability to pay employees for their annual leave days. Current provision is included in the statement of comprehensive income under operating expenses.

(b) Contractual claims

The amount represents a provision payable to a counterparty arising from a service contract.

(c) Claims from former employees

The Victoria Falls Hotel Partnership, in which the Group has 50% joint control, is a defendant in a legal case involving 69 dismissed employees. The employees were dismissed following their involvement in an illegal industrial action. This case has been pending in courts until this current year when the company decided to settle the affected employees through an out-of-court settlement.

(d) Other

This amount include provision for exit costs from all foreign entities and interest on contractual obligations.

15 Expenses by nature

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Inventory recognised in cost of sales	632 873 709	562 404 895	382 412 017	108 905 580
Outside laundry in cost of sales	32 127 736	20 029 774	27 048 731	7 417 368
Employee costs in costs of sales	435 729 122	358 597 846	364 223 084	129 134 739
Other cost of sales	223 457 758	173 384 228	189 190 002	63 596 559
Cost of sales	**1 324 188 325**	**1 114 416 743**	**962 873 834**	**309 054 246**
Employee costs in operating expenses	813 368 195	599 310 952	688 572 984	224 492 718
Equity settled share based payments	23 636 209	16 535 269	20 759 665	8 043 669
Depreciation, usage and amortization	614 650 579	477 279 504	450 484 520	188 154 882
Short term, low value and variable lease expenses	221 394 270	282 863 494	175 965 935	112 400 903
Repairs and maintenance	146 174 400	139 429 633	121 225 275	56 822 250
Audit fees and other professional services	34 980 761	39 965 179	28 631 203	18 418 510
Heat, light, water & rates	224 603 629	160 668 493	180 425 073	57 068 900
Franchise fees	110 535 614	84 441 605	88 239 384	38 386 745
Sales and marketing	70 435 848	106 216 363	60 592 989	30 983 408
Insurance	56 689 883	70 342 211	47 736 850	30 632 413
Security	80 352 321	53 788 086	64 619 845	23 654 470
Bank charge and transaction tax	105 213 539	62 198 711	84 761 241	24 306 104
Vehicle running expenses	27 412 358	13 173 428	20 284 671	5 606 191
Consultancy costs	20 683 797	13 264 866	17 753 684	4 946 078
Subscriptions	20 642 909	13 332 400	16 145 194	5 194 137
Licenses	34 708 648	30 212 098	27 653 031	11 245 234
Other expenses	554 024 967	373 349 617	427 967 648	112 398 344
Operating expenses	**3 159 507 927**	**2 536 371 909**	**2 521 819 192**	**952 754 956**
Total cost of sales and operating expenses	**4 483 696 252**	**3 650 788 652**	**3 484 693 026**	**1 261 809 202**

16 Other income

Net foreign exchange gains	148 167 981	206 469 746	125 965 354	50 537 677
Treasury income	47 262 726	-	39 857 351	-
RBZ export incentive	-	107 792	-	15 282
Fair value adjustment on biological assets	72 218 502	40 275 282	89 665 994	25 056 606
Fair value gains on investment property (note 9)	1 163 771 333	-	2 143 685 296	-
Other income	**1 431 420 542**	**246 852 820**	**2 399 173 995**	**75 609 565**

17 Income tax (expense)/credit

Income tax (expense)/credit is made of the following;				
Current income tax expense	(160 775 208)	(8 792 062)	(159 693 983)	(4 513 161)
Deferred tax credit	126 947 125	571 620 105	205 650 676	145 720 942
Income tax (expense)/credit	**(33 828 083)**	**562 828 043**	**45 956 693**	**141 207 781**

18 Earnings/(loss) and net asset value per share

All figures in ZWL	INFLATION ADJUSTED 31 December 2021	INFLATION ADJUSTED 31 December 2020	HISTORICAL 31 December 2021	HISTORICAL 31 December 2020
(i) Earnings/(loss) per share				
Basic and diluted earnings/(loss) per share (ZWLcents)	674,07	(280,71)	506,73	(8,31)
(ii) Normalised earnings/(loss) per share				
Normalise basic and diluted earnings/(loss) per share (ZWLcents)	70,32	(280,71)	155,85	(8,31)
(iii) Reconciliation of normalised earnings/(loss) used in calculating earnings per share is as follows;				
Earnings/(loss) attributable to owners of the parent	9 595 439 884	(2 419 072 186)	7 213 447 802	(71 653 155)
Adjustments for:				
Gain on bargain purchase (note 8)	(8 594 415 085)	-	(4 994 893 505)	-
Normalised earnings/(loss) attributable to owners of the parent	**1 001 024 799**	**(2 419 072 186)**	**2 218 554 297**	**(71 653 155)**
Number of shares in issue	1 423 517 220	861 771 777	1 423 517 220	861 771 777
(iii) Net assets value and net tangible asset value per share				
Net asset value per share (cents)	1 217,26	383,56	1 119,75	218,40
Net tangible asset value per share (cents)	1 217,26	383,56	1 119,75	218,40
Net asset value as per statement of financial position	17 327 922 666	3 305 434 769	15 939 848 288	1 882 066 591
(iv) Reconciliation of normalised earnings before interest, tax, depreciation and amortisation				
Earnings before interest, tax, depreciation and amortisation (note 13)	10 491 122 104	(279 198 713)	7 983 865 063	38 025 860
Adjust for:				
Gain on bargain purchase (note 8)	(8 594 415 085)	-	(4 994 893 505)	-
Normalised ernings before interest, tax, depreciation and amortisation	**1 896 707 019**	**(279 198 713)**	**2 988 971 558**	**38 025 860**

19 Reserves

19.1 Equity settled share based payments reserve

In terms of the Group's share option scheme rules, share options were granted on 19 March 2020 and were recognised at fair value. During the year the Group recognised an additional expense of ZWL 23 636 209 in respect of share options granted. The options granted vest after 3 years and, accordingly, the fair value will be amortised over those periods.

The board resolved to accelerate the vesting of the share options for the two executives who resigned during the year and approved the vesting as of 31 December 2021. In line with the board resolution the Group expensed immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Movements in share options during the year is as follows:

All figures in ZWL	INFLATION ADJUSTED 31 December 2021	INFLATION ADJUSTED 31 December 2020	HISTORICAL 31 December 2021	HISTORICAL 31 December 2020
Outstanding at the beginning of the year	16 535 269	-	8 043 669	-
Expensed during the year	23 636 209	16 535 269	20 759 665	8 043 669
Outstanding at the end of the year	**40 171 478**	**16 535 269**	**28 803 334**	**8 043 669**

All options expire, if not exercised four years after the date of grant.

19.2 Foreign currency translation reserve ("FCTR")

On consolidation, exchange differences arising from the translation of transactions and balances of foreign operations which are different to the Group's presentation currency are taken to the foreign currency translation reserve.

Movements in FCTR reserve during the year are as follows:

All figures in ZWL	INFLATION ADJUSTED 31 December 2021	INFLATION ADJUSTED 31 December 2020	HISTORICAL 31 December 2021	HISTORICAL 31 December 2020
Balance at the beginning of the year	1 726 825 870	847 198 974	379 230 453	54 037 995
Recognised during the year	17 990 412	879 626 896	15 403 705	325 192 458
Balance at the end of the year	**1 744 816 282**	**1 726 825 870**	**394 634 158**	**379 230 453**

20 Capital commitments

All figures in ZWL	INFLATION ADJUSTED 31 December 2021	INFLATION ADJUSTED 31 December 2020	HISTORICAL 31 December 2021	HISTORICAL 31 December 2020
Authorised by Directors and contracted for	42 578 816	15 411 886	42 578 816	9 588 252
Authorised by Directors, but not contracted for	1 637 727 563	1 749 167 220	1 637 727 563	1 088 215 681
	1 680 306 379	**1 764 579 106**	**1 680 306 379**	**1 097 803 933**

Capital commitments relate mainly to hotel properties refurbishments and acquisition of other items of property and equipment and will be financed mainly from normal operating cash flows and debt finance.

21 Events after reporting date

21.1 Dividend

Subsequent to year end, the Board resolved to declare a dividend of ZWL0.0815947 per share, amounting to a total of ZWL 116,151,461 and an additional USD0.0003548 per share amounting to a total of USD505,064, with respect to the year ended 31 December 2021.

21.2 Acquisition of the remaining 8.83% of Dawn Properties shares

Subsequent to year end, DPL shareholders comprising 3.61% (88 755 546) accepted the offer to be acquired via Tag Along in terms of section 239 of the Companies and Other Business Entities Act [Chapter 24:31] ("the COBE").

For the remaining 5.22%, the Magistrate Court granted an order for ASL to acquire these remaining 128 133 074 ordinary shares in DPL, ("Remaining Shares") via Drag Along in terms of section 238 of the COBE. Both the Drag Along and Tag Along legal processes are work in progress and are expected to be completed by the end of Q2 2022.