CONTENTS

Performance Review

Financial Performance

To view the Online Annual Report please visit our website at **wwww.hwangecolliery.net**

Company Profile

Hwange Colliery Company Limited (formerly Wankie Colliery Company Limited) whose history can be traced back to 1899 is a coal mining Company based in Hwange town, Matabeleland North Province in the north western part of Zimbabwe.

The company is organised into three divisions of mining, medical services and estates. The mining division incorporates opencast mining, underground mining, coal processing and coke production operations. The Company's medical services division provides medical care for Company staff and Hwange town. It operates a 6 ward hospital, three clinics, a dental surgery and a school of nursing. The Company's estates division provides staff housing, industrial, office and retail leasing, hospitality faclilities as well as recreational and sporting facilites in Hwange town. The division also leases out commercial office space in the Company-owned high rise buildings in Harare and Bulawayo.

BUSINESS

The Company's principal activities are exploration, mining, processing of coal and the production of coke and related by-products. The Company is ISO 9001:2015 certified by the Standards Association of Zimbabwe (SAZ).

OPERATING ASSOCIATE AND JOINT VENTURE COMPANIES

Hwange Coal Gasification Company (Private) Limited
Clay Products (Private) Limited
Zimchem Refineries (Private) Limited

BUSINESS ASSOCIATIONS

Hwange Colliery Company Limited is a member of the following bodies:

- Chamber of Mines Zimbabwe (COMZ)
- Confederation of Zimbabwe Industries (CZI)
- Business Council on Sustainable Development in Zimbabwe (BCSDZ); and
  Marketers Association of Zimbabwe (MAZ)

STRATEGIC PRIORITY AREAS

Hwange Colliery Company Limited's current corporate objectives are:

(1) Grow revenues and return to business Profitability from the current loss position to US$9m per month by 2021
(2) Ensure Customer Service Excellence and increase sales volumes to 835 000 tonnes per month by 2021
(3) Improve Business Operational Efficiency to US$35 per ton by 2021
(4) Ensure adequate Systems and Human Capital capability to 5 236 tonnes per man per annum by 2021
(5) To achieve Safety Health and Environment (SHE) excellence by maintaining lost time injury frequency rate (LTIFR) at less than 3 and lost time injury severity rate (LTISR) at less than 140;
(6) To adhere to Good Corporate Governance principles; and
(7) To develop and retain critical skills competencies and employee motivation to maintain competitiveness.

Our Products and Markets

HWANGE COMPANY PRODUCTS

Coal

The Company coal products are marketed in three (3) broad categories;

- Thermal Coal (HPS)
- Industrial Coal (HIC)
- Coking Coal (HCC)

Coke

Coke is marketed in four (4) distinct categories namely;

- Foundry coke (+80mm)
- Metallurgical coke (-80 +20mm)
- Coke peas (-30 +10mm)
- Coke breeze (-10mm)

By-products

Some of the by-products of coke include benzole, tar naphthalene and coke oven gas.

OUR MARKET PRESENCE

Hwange Colliery Company Limited supplies the following markets with high quality Coal and Coke products.

- ZIMBABWE
- SOUTH AFRICA
- NAMIBIA
- ZAMBIA
- BOTSWANA
- MALAWI
- MOZAMBIQUE
- DRC

Vision & Mission Statement

OUR VISION

To be number 1 in coal mining and production of coal related products at the least cost in the region.

MISSION STATEMENT

To provide competitive coal and coal related solutions to our customers using modern and efficient production techniques

SHARED VALUES

As the Company delivers on its mission it is guided by its core values which are as follows:

- Innovation
- Safety
- Efficiency
- Competency
- Teamwork
- Execution

Corporate Information

NATURE OF ACTIVITIES

The Company's principal activities are exploration, mining , processing of coal and the production of coke and related by-products in the north western part of Zimbabwe Hwange District in the Matabeleland North Province. The Company is ISO 9001:2015 certified by the Standards Association of Zimbabwe (SAZ).

DIRECTORS

Following placement of the Company under administration in terms of section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27), the Board was divested of its powers on 26 October 2018.

ADMINISTRATORS

Eng D.S Sibanda	Administrator
	Effective 22 October 2020
Mutsa M. J. Remba	Assistant Administrator
	Effective 26 October 2018
Munashe Shava	Assistant Administrator
	Effective 26 October 2018

BANKERS

BancABC
Stanbic Bank Limited
Ecobank
CBZ

SHARE TRANSFER SECRETARIES

Corpserve (Private) Limited
2nd Floor ZB Centre
Cnr Kwame Nkrumah Avenue/First
Street Harare Zimbabwe

EXECUTIVE MANAGEMENT

Dr Charles Zinyemba	Acting Managing Director
Daniel Mbirikira	A/ General Manager (Operations)
Josiah Nduku	(Finance Manager & Company Secretary

ATTORNEYS

Chihambakwe Mutizwa and Partners
Mawere Sibanda Legal Practitioners
Majoko and Majoko Legal Practitioners
Coghlan and Welsh Legal Practitioners

AUDITORS

Grant Thornton Chartered Accountants (Zimbabwe)
Camelsa Business Park
135 Enterprise Road Highlands
P O Box CY 2619
Harare Zimbabwe
www.grantthornton.co.zw

CURRENCY OF FINANCIAL STATEMENTS

Zimbabwean dollars (ZWL)
Period of account: Year ended 31 December 2020

REGISTERED OFFICES

7th Floor Coal House
17 Nelson Mandela Avenue
P. O. Box 2870
Harare Zimbabwe
www.hwangecolliery.net

Profiles Of Administrator And Assistant Administrators

ENG D S. SIBANDA
ADMINISTRATOR

Appointed in October 2020, Eng Dale Situtu Sibanda is a Mechanical Engineer with vast experience in the mining industry spanning over 3 decades. After completing his Engineering degree in 1980 from the University of Zimbabwe, Eng D S Sibanda started his engineering career as a post graduate trainee for Triangle Limited in 1981. In 1984 he joined African Associated Mines where he rose through the ranks to be the Group Operations Director before leaving for the United Kingdom in 2005.

Between 2006 and 2018, Eng D Sibanda was the Senior Risk Engineer for Zurich Financial Services, London where he was exposed to world class corporate governance, mine operations and risk management. Upon returning to Zimbabwe in 2018, he joined Grindale Engineering where he has served as Operations Director to date.

Eng Sibanda holds a Bachelor of Science Engineering (Honours) degree from the University of Zimbabwe and a Masters of Science (IAS) from City University, London. His professional recognitions include Fellow and Member of the Zimbabwe Institute of Engineers (FZweIE & MZweIE).

Appointed in 2018, Ms M.J. Remba is a legal practitioner who has served as Managing Partner of Dube, Manikai & Hwacha Legal Practitioners ("DMH"), a law firm ranked internationally as one of the top Business Law Firms in Zimbabwe. She is currently part of a team that renders continuing legal advice to multi-lateral lenders in facilities to the Government of Zimbabwe, financial institutions and companies in different sectors of the economy.

Ms Remba holds a Bachelor of Laws Degree Honours from the University of Zimbabwe and is a member of the Law Society of Zimbabwe and the Zimbabwe Women Lawyers Association.

MS MUTSA MOLLIE JEAN REMBA
ASSISTANT ADMINISTRATOR

MR MUNASHE SHAVA
ASSISTANT ADMINISTRATOR

Mr Shava is a mining and mining start-up projects executive with a career spanning over 25 years. Munashe holds a Master of Science degree in Leadership and Change Management from Leeds University (UK) an advanced certificate in Project Management from the University of Cape Town, South Africa as well as a Mining Engineering diploma from the Zimbabwe School of Mines. He has also been the recipient of numerous Management and Business Leadership Awards.

Hwange Colliery Company Limited
General Office and HOD's

Profiles Of Managment

DR CHARLES ZINYEMBA
ACTING MANAGING DIRECTOR

Managing Director

Dr Zinyemba is a medical practitioner with a career spanning over 30 years. He completed Medical degree training as an Army Cadet in 1986 and did internship (junior doctor) from 1987 to 1988 at Mpilo Hospital and United Bulawayo Hospitals. Between 1989 and 1994 he worked as a medical officer at the army referral hospital at Mbizo Barracks, rising to the rank of major and senior medical officer responsible for running the medical services of the Six Infantry Brigade. In 1994 he left the army for Wankie Colliery Company where he worked as a medical officer before leaving to pursue private interests in 1999.

In 2011 Dr Zinyemba re-joined Hwange Colliery Company Limited Executive Management team as Medical Services Manager responsible for the Medical Services Division. On 5 October 2018 he was elevated to Acting Managing Director a position he holds to date.

Dr Zinyemba is a holder of an Executive Master of Business Administration degree from the National University of Science and Technology (NUST) and is a full member of the College of Primary Care Physicians of Zimbabwe (CPCPZ) and an Associate Member of the Institute of Directors of Zimbabwe (IoDZ).

Company Secretary

Mr Josiah Nduku was appointed Finance Manager and Company Secretary of Hwange Colliery Company Limited in December 2020.

Joining HCCL in April 2004 as an Accounts Graduate Trainee, Josiah rose through the ranks to Assistant Management Accountant in January 2006 and Management Accountant in September 2007.

A member of the Institute of Certified Accountants Zimbabwe (CPAZ), Josiah is a holder of a MSc Degree in Finance and Investment from the National University of Science and Technology (NUST) and a Bachelor of Commerce Honours Accounting Degree from the Midlands State University (MSU). He has also undertaken a General Management Development Programme with the University of Zimbabwe (UZ), among other financial and management qualifications.

MR JOSIAH NDUKU
FINANCE MANAGER AND
COMPANY SECRETARY

2020 Overview

Covid 19 prevention measures, employee wellness and behaviour remains key to safe production and the Company's 'zero harm' vision.

SAFETY

45% increase to 1 104 036 tonnes

COAL PRODUCTION

45% increase to 1 104 036 tonnes

HWANGE POWER STATION COAL DELIVERIES

CONVEYOR INTERLOCK AND COMMUNICATION SYSTEM AND CHANGE HOUSE CONSTRUCTION PROJECTS

Full commissioning will be done when the control voltage transformers are acquired.

Change house construction is expected to be completed in 2021.

COKE OVEN BATTERY CONSTRUCTION PROJECT

The company has put to public tender the resuscitation of the old Coke battery as well as construction of a new Greenfield coke battery.

CAPITAL EXPENDITURE

Capital expenditure amounting to ZWL$800.9 million was spent during the year.

Company's Statutory Report

FOR THE YEAR ENDED 31 DECEMBER 2020

SHAREHOLDERS WITH 5% OR MORE SHARES

Name	Shareholding (Shares)	Percentage
Government of Zimbabwe	67 555 968	36.77%
Messina Investments Limited [NNR]	30 698 467	16.71%
Mittal Steel African Investments	17 777 034	9.68%
National Social Security Authority	11 445 761	6.23%
Hamilton and Hamilton Trustees LTD-NNR	9 415 970	5.13%

SHARE CAPITAL

Authorised

As at 31 December 2020 the authorised share capital of the Company is 204 000 000 ordinary shares of USD 0.25 each.

Issued and fully paid up shares

The issued share as capital at 31 December 2020 is 183 720 699 ordinary shares of ZWL 0.25 each.

Options

The Administrator has control over the unissued ordinary shares amounting to 20 279 301 of ZWL 0.25 each which are set aside strictly for the Employee Share Option Scheme.

BORROWINGS

As at 31 December 2020 loans payable within one year amounted to ZWL 150.03 million (ZWL NIL in 2019) .The decrease is attributed to the restructuring of all loans under the scheme of arrangement, particularly the Zimbabwe Asset Management Corporation. The CBZ loan was settled.

PROPERTY, PLANT and EQUIPMENT

Capital expenditure for the year ended 31 December 2020 was ZWL176 166 566 (ZWL 18 060 942 in 2019) while there were no receipts from disposal of property, plant and equipment (2018 – Nil):

The Company's total property, plant and equipment amounted to ZWL 11.16 billion (ZWL 2.47 billion in 2019).

DIRECTORATE

The Board was divested of its powers on 26 October 2018 when the Company was placed under reconstruction in terms of section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27).

APPOINTMENT OF ADMINISTRATOR

Hwange Colliery Company was placed under reconstruction in terms of section 4 of the Reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27) with effect from 26 October 2018. As a consequence Mr B. Moyo was appointed Administrator of the Company and was replaced in October 2020 after a 2 year tenure. The new administrator is Eng. Sibanda assisted by Ms Mutsa M. J. Remba and Mr Munashe Shava.

Company's Statutory Report (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

INCOME AND APPROPRIATIONS

Hwange Colliery Company Income and Appropriations Statements as at 31 December 2020 stood as follows:

	2020 ZWL'000	2019 ZWL'000
(Loss) before finance costs	(1 053 782)	(150 716)
Net finance charges	(28 499)	(19 024)
Share of profit from equity accounted investments	1 390	-
(Loss) before taxation	(1 080 891)	(169 740)
Taxation	441 157	78 632
(Loss) after taxation	(639 734)	(91 108)
Accumulated (loss) for the year	(528 147)	(380 872)
Accumulated (loss) carried forward	(1 167 879)	(528 147)

AUDITORS

Members will be asked to re-appoint Messrs Grant Thornton Chartered Accountants (Zimbabwe) as auditors of the Company for the ensuing year and to fix their remuneration excluding Value Added Tax of ZWL 7 429 800 (2019 – ZWL$1 559 895) for the financial year ended 31 December 2021.

STOCK EXCHANGES

The Company's Listing on the Zimbabwe Stock Exchange was suspended on 2 November 2018 and remains suspended.

BORROWINGS

The borrowings as at 31 December 2020 are summarised as follows:

	2020 ZWL'000	2019 ZWL'000
Authorised Borrowings		
Three times Shareholder's equity	-	-
Actual borrowings	337 527	180 620

The Company's Statutory Report was approved by the Administrator on 27 April 2020 and is signed by:

Eng D.S Sibanda
ADMINISTRATOR
26 May 2021

Dr C. Zinyemba
ACTING MANAGING DIRECTOR
26 May 2021

Administrator's Statement And Letter

It is my privilege to present a review of the operations of Hwange Colliery Company Limited for the year ended 31 December 2020.

ENG D S. SIBANDA (MR)
ADMINISTRATOR

OVERVIEW

Hwange Colliery Company Limited ("the Company") remains under administration in terms of the Reconstruction of State-Indebted Companies Act [Chapter 24:27] ("the Reconstruction Act"). The appeal by the Minister of Justice, Legal and Parliamentary Affairs ("the Minister") to the Supreme Court in the matter of the confirmation of the Reconstruction Order remains pending, and administration continues as normal.

In terms of the Reconstruction Act, the Minister replaced Bhekitemba Moyo as Administrator in October 2020, after conclusion of a 2-year tenure. The new Administration team comprises Eng. Dale Sibanda as Administrator, with Munashe Shava and Mutsa Remba as Assistant Administrators.

The year 2020 was affected by the effects of Covid 19. The Company was not spared from the negative impact of the pandemic, and various safety measures were put in place in order to protect workers and ensure continuity of operations during the period under review. Despite the challenges, it is pleasing to note that operations continued throughout the year and production and sales actually increased. We report hereunder the achievements for the year.

FINANCIAL PERFORMANCE

On a historic cost basis, the Company's performance improved from a gross profit of ZWL 182 million for the year ended 31 December 2019 to a Gross profit of ZWL 471 million for the year under review. The net loss position however increased from ZWL 91 million to ZWL 640 million due to an exchange loss of ZWL 1.4 billion on legacy foreign creditors. On an inflation adjusted basis, the gross profit and net profit decreased from ZWL 1.9 billion and ZWL 6.9 billion to ZWL 1 billion and ZWL 1.5 billion respectively.

Revenue increased by 13% from ZWL3.954 billion in 2019 to ZWL 4.468 billion in 2020 on an inflation adjusted basis. On a historical basis, it increased by 622.5% from ZWL422.2 million in 2019 to ZWL3.050 billion in 2020. This was largely due to a combination of an increase in high value coking coal sales and regular product price adjustments in line with market value.

Administrator's Statement And Letter (Cont'd.)

REVIEW OF OPERATIONS

Production increased by 22% during the period under review, with the main challenges having been shortage of diesel and foreign currency to import spares and consumables as well as the negative effects of the Covid-19 pandemic. The sales volumes however increased by only 10% compared to 2019 mainly as a result of influence of Covid-19 on the market and logistics, as well as the reduced thermal coal offtake. Going forward, the Company has targeted to increase production and sales. For this, some significant capital is required, and this will be a key focus area of the Administration going forward. Increased production and sales will in turn increase capacity to discharge obligations to creditors as well as create a positive balance sheet in the medium term. The strategic priorities for the Company's year-end were the following:

a) Safety, Health, Environment and Quality

The Company successfully gave adequate focus to Covid-19 precautionary measures, both protection of its workers and for the greater Hwange Community. We are pleased to report all Covid-19 cases reported during the period under review were successfully treated and there were no fatalities reported from the virus.

The Company Prioritises Employee Safety.

There has also been an improvement on the lost shift injury frequency rate due to initiatives like people focus, systems implementation and technology embracing. Regrettably, the company recorded a fatality during the last quarter of the year. HCCL embraced a risk/opportunity-based approach to operations aimed at zero harm. Top risks included Acid Mine Drainage, for which an Environmental Management Plan (EMP) to manage its effects is now in place. Likewise, robust measures aimed at reducing similar incidents related to non-communicable diseases were established through a Wellness policy.

The organization has successfully obtained Certification Audits for Environmental Management System - ISO 14001:2015 and Occupational Health and Safety System ISO 45001:2018 standards.

b) Coal Production

During the year under review, focus was on increasing production and sales of high value coking Coal. Coking coal sales increased by 6.5% from 223 662 tonnes in 2019 to 238 112 tonnes in 2020. The coking coal sales volumes were however limited by washing capacity constraints as the HMS plant was antiquated and needed retooling. The plant was completed and the plant was commissioned in April 2021.

c) Open Cast Mining

Total coal mined by Opencast operations was 1,104,036 tonnes, a 46% increase in production from the previous year. Total coal from HCCL's JKL pit was 353,143 tonnes, a 21% decrease in production from 2019, while at Chaba Mine, the Contractor Zhong Jian mined a total of 750,893 tonnes, a 145% increase in production from 2019 done by the previous contractor, Mota Engil.

A total of 658,031 tonnes of coal was delivered to Hwange Power Station during the course of the year, which was 18% increase from previous year. Deliveries into the power station were however negatively affected by plant challenges in the power station and limited stock holding space.

Administrator's Statement And Letter (Cont'd.)

d) Underground Mining

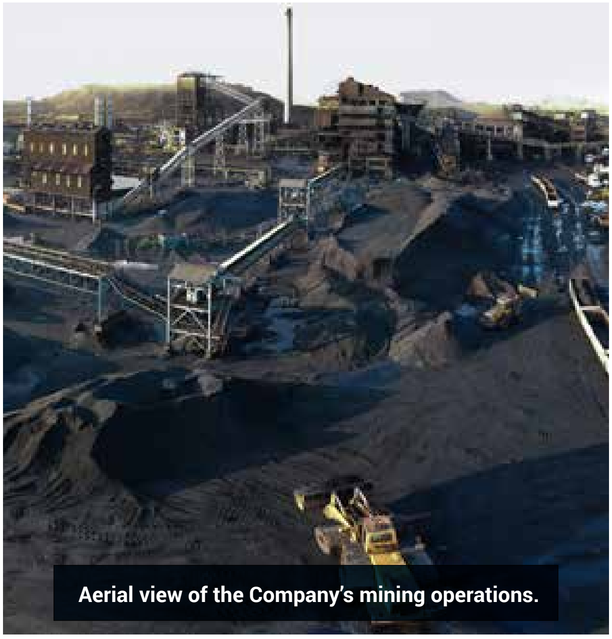
3Main Underground Mine coal production was 49% below the previous year. This was mainly because the Underground was affected for some months by a major breakdown on the Continuous miner which had to be taken out of the mine for major repairs. The Continuous Miner is back in operations but remains unreliable and approaching its end of life. It will shortly be due for replacement in order to stabilise underground production.

e) Fixed and Mobile Plant Repair

Significant investment has been made in new equipment as well as repairs and maintenance of the existing plant and equipment. Open cast mine was equipped with a track dozer and a grader to ensure that the loading and haulage equipment are fully supported. Repair work on the HMS washing plant was completed and the plant was commissioned in April 2021. The company also purchased a number of utility vehicles for both operations and service departments.

f) Beneficiation Plans

The intended takeover of the Hwange Coal Gasification Company (Private) Limited ("HCGC") Coke Oven Battery pursuant to a BOOT Agreement with its Chinese partners is still pending. In the medium term, benefit is seen in construction of another battery to participate in the coke market, which has high value and significant foreign currency earning potential.



Aerial view of the Company's mining operations.

g) Cost Control

The Company continues to put emphasis on a low-cost high productivity strategy. This has enabled it to significantly reduce its costs. Tight controls remain on costs, but these are affected by exchange rate driven inflation.

OUTLOOK

Strategic plans to unearth the Company's potential are being developed and these include:-

a) Increasing the volume of high value and margin coking coal

Apart from the current underground mining operations which are producing an average of 30 000 tonnes per month, plans are underway to develop a second underground mining section in the medium term, so that coking coal production will double when the new section is fully operational. In addition, opencast operations at the JKL pit will continue in order to increase high value coking coal in the product mix. The current JKL operation is producing an average of 50 000 tonnes per month and the target is to increase production to 100 000 tonnes per month by end of 2021.

b) Fixed Plant Repair and Restoration to Capacity

The main thrust as we move into 2021 is to ensure that we fully capacitate our opencast mine by addressing all bottlenecks in the mining process. Efforts to facilitate procurement of equipment due for replacement have commenced. Likewise, some work will be done to continue to stabilise the washing capacity at both the HMS plant and the Jig and Floatation plant.

c) Rebuild of Coke Oven Battery.

Bidders were invited to tender for the full rebuild of the Company's original coke oven battery which was shut down in mid-2014. The tender is for the rebuild of the by-products plant and ancillary plants and also for the supply of a completely new coke oven battery together with the by-products and ancillary plant.

Administrator's Statement And Letter (Cont'd.)

d) **Option Area and Lubimbi Development**

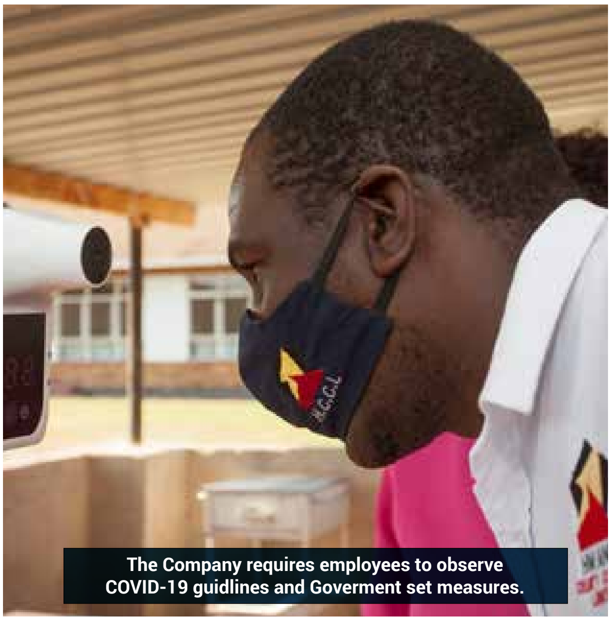
The development of the Option Area and Lubimbi coal fields is planned for the medium term. The Company has therefore started community engagements at Lubimbi in preparation for the mining process. The Company is also looking at the prospects of electricity generation at Lubimbi to complement the mining process. Preparatory work towards mining Option Area has likewise begun.

e) **Increase of Export Sales Volumes**

The Company aims to grow its market share of coking coal sales in neighbouring countries, as its coking coal and coke meet quality specifications in the ferro-chrome industries and smelters. Plans to develop dedicated solutions for the delivery of coking coal and coke products in Zimbabwe and the region are underway. The Company will continue in 2021 with the momentum it gathered at the end of 2020 on exports, after it was negatively affected by Covid 19 during the first half of 2020.

COVID 19 UPDATE

The Company continues to operate cautiously during the lockdown period which commenced on 31 March 2020 as it is considered to be offering essential services according to SI 83 of 2020. Several measures were taken to ensure the safety of the employees and the other stakeholders. The company operations were however affected by the pandemic as some customers and suppliers are closed due to lockdown. The company will continue to operate cognisant of the business risks posed by the pandemic.



The Company requires employees to observe COVID-19 guidlines and Goverment set measures.

ZSE LISTING

The Zimbabwe Stock Exchange suspension owing to administration, continues.

DIRECTORATE

There are no directors in place due to administration.

APPRECIATION

I would like to express my gratitude to the administration team, management and Staff for their collective efforts and dedication to the Company.

Eng D S. Sibanda (MR)
ADMINISTRATOR

26 May 2021

Managing Director's Operational Review

It is my privilege to present a review of the operations of Hwange Colliery Company Limited for the year ended 31 December 2020.

DR CHARLES ZINYEMBA
ACTING MANAGING DIRECTOR

OVERVIEW

Highlights for the year under review are summarised below:

•Safety :
Covid 19 prevention measures,employee wellness and behaviour remains key to safe production and the Company's 'zero harm' vision

•Coal Production :
46% increase to 1 104 036 tonnes

•Hwange Power Station Coal Deliveries :
46% increase to 1 104 036 tonnes

•Projects:
Conveyor interlock and communicationsystem for the underground mine was partially commissioned. Full commissioning will be done when the control voltage transformers are acquired.

Change house construction project for the underground mine has not been completed and is expected to be completed in 2021.

•Coke Oven Battery:
The company has put to public tender the resuscitation of the old Coke battery as well as construction of a new Greenfield coke battery.

•Capital Expenditure :
Capital expenditure amounting to ZWL$800.9 million was spent during the year.

Managing Director's Operational Review (Cont'd.)

Safety, Health, Environment And Quality

Employee wellness and behaviour remains key to safe production and the Company's 'zero harm' vision. Covid 19 prevention measures, and risk and opportunity based approaches, also resulted in the adoption of new alternatives of working safely across the Mine.

There were no occupational diseases reported during the period under review.

There has been an improvement on the lost shift injury frequency rate owing to attention to three key initiatives in our strategy, namely, people focus, systems implementation and technology embracing.

Regrettably, the company recorded a fatality during the last quarter of the year. Robust measures aimed at reducing similar incidents have been implemented through a Wellness policy.

The organisation managed to close the year without any significant environmental management statutory requirements violations. One of the top risks HCC faced was Acid Mine Drainage, for which an Environmental Management Plan (EMP) was successfully put in place.

Certification Audits for the Environmental Management System - ISO 14001:2015 and Occupational Health and Safety System ISO 45001:2018 were successfully concluded.


The mine's standby emergency rescue team.

Hwange Colliery operates a hospital which also benefits the community at large.

Managing Director's Operational Review (Cont'd.)

Hwange Colliery Chaba pit

The mine's dump trucks transporting coal

We are pleased with the achievements on the journey to zero harm. We are grateful for the stakeholder support during the period under review.

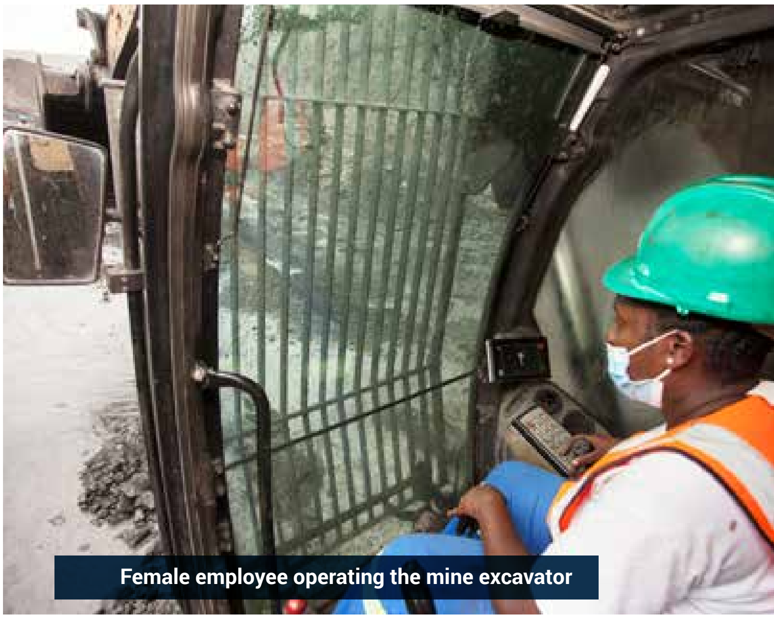
Coal Resource, Reserve Statement As At 31 December 2020

	Reserve (Mt)	Resource (Mt)
Opencast		
JKL	7.5	13.8
Chaba	14.5	50.3
No.1 Pillars	6.6	7.3
No. 3 Pillars	0	51.5
Total Opencast	**28.6**	**122.9**
Underground		
3 Main	40.1	171.1
Option Area	0	220.5
Chaba West	0	75.2
Block F	0	16.8
Total Underground	40.1	483.6
Grand Total	**68.7**	**606.6**
COAL PRODUCTION		
	Power Coal (Mt)	**Industrial/Coking Coal (Mt)**
3 Main Underground	-	136,137
JKL Pits	174,738	178,405
Chaba Pits	339,582	411,311
Total Coal Produced	**514,320**	**725,853**

Total production amounted to 1,240,173 tonnes of coal and was 75.6% of the budget of 1,640,000 tonnes

Managing Director's Operational Review (Cont'd.)

Opencast mining at Hwange Colliery



Female employee operating the mine excavator

OPERATIONS

Opencast

The 2020 production year began with focus on managing Covid-19 and resource challenges at the mines.

At the JKL pit, the Company built-up its dump truck fleet to required levels and acquired and outsourced support equipment and services to compliment and guarantee minimum production levels. The Mine's main challenges remained low working capital inflows and shortage of foreign currency to acquire critical spares and consumables.

Heavy rains towards the end of the year flooded the pits and affected production from December into 2021.
Total coal mined by Opencast operations totalled 1,104,036 tonnes, a 46% increase in production from the previous year.

A total of 658,031 tonnes of coal was delivered to Hwange Power Station during the course of the year which was 18% increase from previous year.

Underground

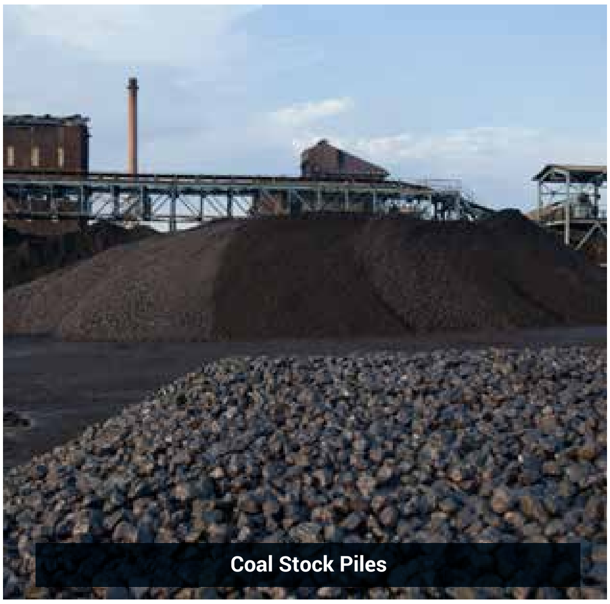
Production at 3Main Underground Mine was impacted by a major breakdown on the continous miner which had to be taken out of the mine for major repairs. The continuous miner is approaching its end of life and will be due for replacement.

Consequently, the Underground mine Run of Mine (RoM) coal production during the year was 136,137t, against a budget of 360,000t. This was a 49% decrease in production from the previous year.

A new sandvik LHD was acquired to compliment production.

Managing Director's Operational Review (Cont'd.)

Raw Coal processing at the mine's processing plant



Coal Stock Piles

Projects

The company has put to public tender the resuscitation of the old Coke battery as well as construction of a new Greenfield coke battery.

Preparatory works for exploration and development of the Lubimbi East and West coal fields are commencing, as are 3main Underground infill exploration works.

The company is also looking at beneficiation of old slurry dumps to generate power from low scale generating units using coal gasification technology.

Conveyor interlock and communication system for the underground mine was partially commissioned. Full commissioning will be done when the control voltage transformers are acquired.

Change house construction project for the underground mine has not been completed and is expected to be completed in 2021.

Procesing - Metallurgical Operations And Logistics

A total of 642 197 tons raw coal was processed at both Chaba and No 2 plants against a target of 1 410 396 tons which is 46% attainment of the target.

Focus during the year was on major repair works to the HPS Plant, which has since been commissioned in 2021. The jig and floatation plant and wet screens plant also require repair works, although critically, focus on processing efficiencies as well as latest methods is now key.

Managing Director's Operational Review (Cont'd.)

Estates Division Performance

The Division has four revenue streams, namely, Real Estate, Retail, Hospitality and Education. Revenue for the year increased by 712% from $32,539,743 in 2019 to $263,221,054 in 2020. Real Estate accounted for 80% of revenues as other streams suffered from the effects of Covid19-induced restrictions.

Total costs in 2020 were 794% higher than in 2019 at $269,182,079 as a result of the increase in labour costs, power costs and legacy cost adjustments. Net loss for the year was $4,122,004 compared to a profit of $2,324,748 in the previous year.

Actions to improve the Division's performance will include:

- Increasing commercial space by engaging in BOOT arrangements with potential investors;
- Stringent debt collection to boost cashflows;
- Refurbishment of retail facilities to improve customer experience; and
- Diversification of product ranges.

Planned projects were slowed down mainly by Covid19-induced restrictions. The Division undertook the Zimbabwe Open University Hwange Campus project and undertook major repairs on employee housing.

Part of the retail space provided by the Estates division

Part of the retail space provided by the Estates division

Managing Director's Operational Review (Cont'd.)

Medical Services Division

Financial year 2020 revenue was 776% higher than Financial Year 2019. Revenue for 2020 was $56.7M compared to $6,4M in 2019. This was due to two upward reviews of national medical services tariffs during the year in response to the inflationary environment.

A provisional cumulative loss of $9,55M was recorded for the financial year 2020 compared to a loss of $4.2M in 2019. The loss was a result of local currency depreciation, increased input costs as well as salary adjustments.

Revenue performance was 87% above budget. Expenditure was pushed up by inflation and costs of consumables and sundries and establishment and equipping of an Isolation Centre to combat Covid19.

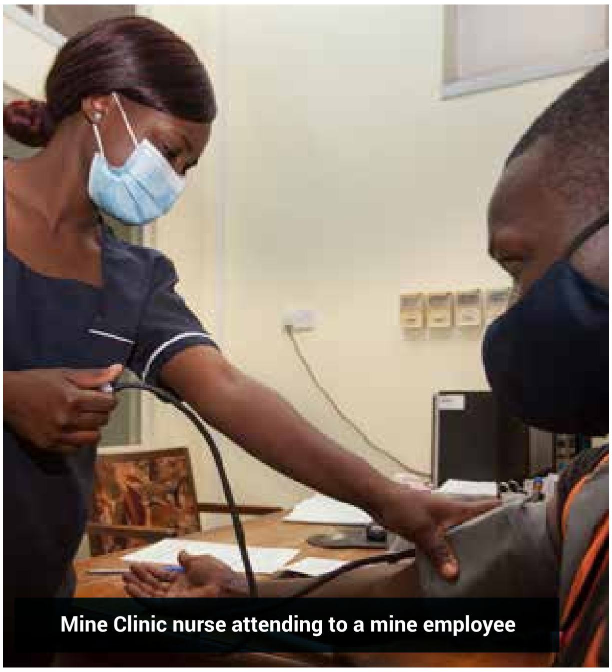
The Employee Wellness Programme spearheaded by the Division in 2019 was successfully rolled on into 2020. After the December 2020 programme, the plans for 2021 were put in place to be implemented after lifting of lockdown restrictions. This will change the programme from an event into a continuous wellness process

COVID-19

Covid-19 hit the country with lockdowns enforced from March 2020 to year end. The Company procured all required PPE, chemicals and detergents. One clinic, Number 1 North was converted into an infectious diseases isolation centre and all required equipment was procured and commissioned. All Covid-19 cases managed by the Medical Services Division recovered (100% recovery rate). There was strict enforcement and compliance with laid down protocols as set by the Government of Zimbabwe and the World Health Organisation.

Patient Management System

A Patient Management and Administration software system [PMS] acquired to manage the Billing and Management Information was implemented. The system has however not bedded down well as the vendor did not come in for implementation as contractually agreed but left everything to HCCL ICT who had to learn the system as they implemented it.



Mine Clinic nurse attending to a mine employee

Staff Training and Development

All professional staff with professional practicing licences expiring December 2020 were renewed for 2021.

Most continuing professional development (CPD) points were amassed through webinars and online workshops due to Covid19 lockdown measures which precluded face to face training and workshops. In-House/in service training, was severely curtailed because of lock down restrictions and work arrangements reducing staff numbers at work at any given time.

By year end, there were 91 students in training at the School of Nursing. 22 students completed their RGN course successfully.

Managing Director's Operational Review (Cont'd.)

Legal And Regulatory

As a good corporate citizen the company endeavours to meet national and regional laws and regulations. The areas of interest are safety, competition, corporate governance, listing and disclosures, environment, labour and taxation. The Company's reputation is exposed if compliance with laws and regulations are not adhered to. The Company and or its officers have to be protected from penalties or criminal sanctions by conducting its business within the confines of the laws and regulations. During the year under review, Following its placement under administration in terms of the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] ("the Reconstruction Act"), there were no board meetings. To ensure good corporate governance and statutory compliance, the company has established policies and procedures regulating its processes.

Human Resources, Training And Skills Development

As at December 2020 the global staff complement stood at 1950 compared to 2022 that was there is December 2019. The company progressed well on clearing the scheme of arrangement legacy debt, tremendous progress was also done on the payments of the back pays and employees were timeously paid their monthly salaries which led to a harmonious industrial relations climate. The introduction of the payment of a hybrid salary of the of the Zimbabwean dollar[ZWL] salaries with a USD component further boosted the morale of the employees.

Despite the economic challenges, employees maintained peace and harmony and hence remained positive and hopeful about the company's turnaround programme. Engagements between Management and employees' leadership continued to be done through various channels of communication. The company continued to invest in manpower training and development through apprenticeship and nurse training. Hwange Colliery has always taken pride in its capacity and capability to provide training to youths. A combined total of 196 youths were trained as student nurses and apprentices. There were no Graduate learners during the year under review as they were projections to recruit them in the First Quarter of 2021.

Emtrance to Main Training Center at Hwange Colliery Mine

Engineering Training students at Hwange Colliery Mine

Managing Director's Operational Review (Cont'd.)

Corporate Social Responsibility (Csr)

The Company continues on its scaled down approach to fragmented Corporate Social Responsibility (CSR), and is focused on production and business sustainability.

Local community support included:

- providing support and accommodation at its guest units to flash floods victims in Hwange, as well as providing disaster management technical guidance to the Civil Protection Unit (CPU) in early 2020;
- Borehole constructions and repairs in the community, as well as provision of clean water to residents of the town;
- handover of poultry projects start-up capital, inputs, ancillary equipment and infrastructure to wives of workers at Lusumbami and Makwika village sites;
- Various support towards the Covid-19 intervention initiatives including expertise in the Hwange District taskforce for the refurbishment of the District Hospital into a COVID-19 isolation centre and a Covid-19 Rapid Response Team to the entire district;
- donations to a number of organisations including those affected by COVID-19;
- Various donations in cash and kind to local community initiatives, and vulnerable groups; and
- A National Tree Planting day as part of Environmental Corporate Social Responsibility.

Improved Efficiencies And Competitiveness

As the Company increases the thrust on the core business of mining, it will also look at ways of allowing other entities and mining companies within the concession to assist in the running of town services such as road maintenance, electrical power distribution and sewage treatment. The adoption of enterprise resource planning systems to automate the administration of the business will also improve efficiencies and lower the cost per ton of coal produced.

Conclusion

I would like to express my gratitude to the administration team, management and Staff for their collective efforts and dedication to the Company.

Dr C. Zinyemba
ACTING MANAGING DIRECTOR
26 May 2021

Corporate Social Performance

Despite the current harsh macro-economic climate, the Company ensures that it carries out distinct Corporate Social Value programmes by making donations or rendering other forms of assistance to various stakeholders with major focus on education health community development and sport.

HWANGE Colliery Company Limited values Corporate Social Responsibility (CSR) and aims to achieve community impact and participation as part of the organisation's strategic thrust. Our aim is to achieve shared value with our communities and position the company as a development partner of choice. Our roadmap inculcates advocating for employee causes, the community and the environment in our business operations.

Despite the difficult economic landscape and the reconstruction path HCCL is currently embarking on, where more funding has been strategically put on increased production the company has managed to provide support and donations towards sustainability initiatives, programs and activities that improve the quality of lives of our people in Hwange district, Matabeleland Province as well as the country of Zimbabwe.

The organisation's impact in the community dates back to the early 1900s. HCCL has won numerous Corporate Social Responsibility awards as a forerunner in bringing about positive change through responsible corporate citizenry.

COVID-19 RAPID RESPONSE

The company was not spared from the effects of the novel corona virus that gripped the entire country and globe this year. As an organisation, we put in place a raft of mitigation measures in line with the COVID-19 National Preparedness and Response Plan.

As part of social responsibility, the organisation also contributed various expertise in the Hwange District taskforce team for the refurbishment of a District hospital into a COVID-19 isolation centre.

Some of our measures included setting up of screening sites at identified critical points within the company and town. HCCL also established a Rapid Response Team (RRT) comprised of members from our Medical Services Division whose contacts were continuously shared with all employees and key social actors in Hwange.

In addition to the Rapid Response team, four thematic teams around Hwange were also put in place that included the Case Management team whose purpose is provision of medical treatment to would be Covid-19 cases.

Another thematic team in the social fight against the virus is the Health Promotion team, which has been highly functional in providing Covid-19 awareness to employees and the community.

The Surveillance team was initiated to track and monitor all suspicious cases as well as information acquisition pertaining to suspected cases within the community. Lastly, the Environmental Monitoring team was set up in the period under review and its mandate is to check and monitor public outlets compliance to government stipulated measures.

All the work done by the organisation in the fight against Covid-19 has earned HCCL the "Top Covid supporting organisation award" at the Matabeleland Regional Environment and Corporate Social Responsibility awards held in October 2020 at the Rainbow hotel in Bulawayo.

Hwange Colliery Mine Hospitals Ventilators

Corporate Social Performance (Cont'd.)

CLEAN WATER SUPPLY AND SANITATION

Despite a number of challenges faced in 2020 mainly posed by the increased demand for water due to the rise in the town population and the coming in of new industry players, the organization managed to carry out its mandate to provide water to production and residential areas.

Critical in the fight against the corona virus pandemic, water for hand washing remains a key requirement, hence the organization ensure adequate funding of water operations weekly.

To augment water supply from abstraction sources in 2020 Hwange Colliery funded a new borehole at Deka, which will be equipped in 2021.

HCCL engaged Zimbabwe Power Company to collaborate in the repair of the Zambezi pipeline, with the engagements ongoing. The Colliery also entered into an agreement with ZZEE to get 100m3/hr of water, to be pumped to concession villages namely Madumabisa and Makwika, through the Citrus Pump station.

As part of Corporate Social Responsibility Hwange Colliery continued providing water to non-Colliery entities such as the National Railways of Zimbabwe (their residential and work areas), Colbro, Brickfields, TM Supermarket, OK Supermarket and various other stakeholders around the concession.

DISASTER RELIEF EFFORTS

HCCL assisted flash floods victims in Hwange in the first quarter of 2020 by providing support and accommodation at the company's guest units.

The company played a pivotal role in the Civil Protection Unit (CPU) and provided technical guidance in relation to disaster management.

COMMUNITY DEVELOPMENT

Hwange Colliery commenced work on borehole drilling for the community in Shashachunda village, Mashala Ward 9 of Hwange District under Chief Wange as part of the company's CSR undertakings. Partner organisations such as the Lower Gwayi sub catchment council, Hwange Rural District Council and the District Development Coordinator's office all played an instrumental role in the development.

One of the boreholes around the community funded by Hwange Colliery

Hwange Colliery Supporting Education in the community

Water and sanitation are key component pillars of government's National Development Strategy (NDS 1) vital for an upper- middle- income economy status the nation strives to achieve by 2030.

EMPLOYEE WELLNESS AND SOCIAL HEALTH CARE "KA LIFE KAMUSHE"

As a mining and company town, the company values health issues of employees, dependents and community at large. The organisation has a dedicated Public Health section that responds to the needs of the communities in the concession.

Corporate Social Performance (Cont'd.)

In 2020, the company maintained its Wellness programme designated "Well Life – KaLife Kamushe" launched in the previous year with great success owing to the support from HCCL stakeholders.

The programme has already recorded milestones in promoting a healthy and productive workforce. HCCL's employee and social wellness programme covers Mental Health Services, Screening for Non-Communicable Diseases (Diabetes Mellitus, Hypertension among others). Weight management programs, Medical surveillance for Occupational exposures such as periodic Pneumoconiosis exams, Preplacement Medical Examinations, Reproductive Health Services, Family Planning Services, and Physical Fitness at the Colliery hospital gym are part of the wellness drive. In addition, alcohol monitoring and control, Tobacco Control, Nutrition, Financial Advice, Legal Advice, Retirement Education, Funeral Services, Male Wellness and Female Screening for cancers are all part of the active programme as part of HCCL's Corporate Social Responsibility.

EDUCATION SECTOR DEVELOPMENT

The organisation donated ZWL $50 000 to the Zimbabwe School of Mines' financial plea to stakeholders when the institution's revenues and operations were affected by COVID-19.

In the period under review, HCCL's Schools board embarked on remote learning and teaching with social media platforms and parental involvement. The company provided teachers at the Colliery run schools with phone allowances for data bundles for the period under review.

Colliery schools in conjunction with HCCL Health section conducted Covid-19 related training to health coordinators and headmasters to provide vital information on handwashing and other measures to protect themselves and their families. The sessions included mental health support, stigma prevention, discrimination and encouraging students to be kind to each other in the pandemic. HCCL provided fumigation services to its schools and related PPE for 75 candidates sitting for June exams.

The company's development programme continued to train Graduate Learners from the fields of Mining Engineering, Electrical, Geology, Supply Chain, Marketing, Human Resources, Finance, Accounting among others. Nurses training, Apprentices training and Student Attaches placements continued to be a key focus area under educational development by the organisation.
A fair quota system for the training programmes is highly sensitive towards a larger percentage of local recruitment and national blending to reflect the outlook of the organisation's contribution to the country as a whole.

Part of the school blocks at Hwange Colliery

The new Chikamba Borehole Donated by Hwange Colliery Mine

Corporate Social Performance (Cont'd.)

ECONOMIC SUPPORT TO SMEs

Hwange Colliery Company availed 476 vending stalls to the local community as part of social responsibility. The small indigenous business people currently take up more than 300 shops within our concession from HCCL leased properties.

WOMEN EMPOWERMENT PROGRAMMES

The organisation finally handed over poultry projects start-up capital, inputs, ancillary equipment and infrastructure to worker spouses in a bid to empower females in the community as part of Corporate Social Responsibility.
The construction of fowl runs at Lusumbami and Makwika village sites hold design capacity to accommodate 2 000 chicks each. The company worked closely with the Women's Executive committee that represents four villages in the mining concession. The beneficiaries received 1 200 chicks comprised of broilers and layers.

As a responsible corporate citizen, HCCL has noted with concern the negative impacts of the novel corona virus, which has constricted income generating opportunities for many. As such, the handover made good on commitments to empower worker spouses and care for the community in which we operate.

SPORT

2020 was a difficult year for the sporting fraternity in Hwange due to the outbreak of Covid-19. Social and physical distancing measures, business lockdowns, school disruptions became commonplace to curtail the spread the spread of the disease.

To safeguard the health of athletes and others involved, most major sporting events at international, regional and national levels where cancelled.

Despite the above, Hwange Colliery Company rehabilitated and availed two soccer fields for the Hwange Community at the sports Pavilion and Lwendulu Old stadium. The sport of rugby received a major boost as the company rehabilitated and availed the Wankie Diggers rugby field after years of disuse.

Despite the devastating corona virus, Hwange Colliery Company managed to host its annual wellness day 5km and 10km road races that were a resounding success.

HWANGE AND THE ENVIRONMENT

Hwange Colliery Company Limited is dedicated to the protection of the environment through sustainable mining and processing of coal.

In the period under review, management remained committed to minimising environmental impacts and invested time and funds in striving for greater harmony between coal mining operations and the ecologically sensitive environment.

Issues on mine closure were rendered high priority in 2020 through rehabilitation and management of old mining sites. Given the number of trees that have dried up in the concession, HCCL commenced the tree-planting program in a bid to restore the depleting carbon sink.

Hwange Colliery Mine Sports Ground

Part of the Hwange Colliery Tree Planiting Program

Corporate Social Performance (Cont'd.)

The programme has been successful as plants continue to thrive and has resulted in the revival of the existing nursery hosting over 500 plants and counting.

OUR PEOPLE, OUR ANCHOR

As a corporate, we recognise that our workforce is a key resource to our operations and we aspire to invest in the health and well-being of our human resource throughout our business operations. Our response to employee wellness takes into account the legal, business and social requirements, evolving scientific knowledge and community expectations of good corporate governance.

KAMANDAMA MEMORIAL SERVICE AND WIDOWS WELFARE.

The company could not hold the annual commemoration service to honour of the 427 miners who perished in 1972 at the colliery's Kamandama Mine Disaster. The memorial fundraising Golf tournament held as part of the commemorations were also cancelled due to Covid-19 induced restrictions on social gatherings.

However, the company through Human Resources provided nominal financial support and tokens to Kamandama widows from their remote locations following the Covid-19 cancellations as part of efforts to ensure the surviving spouses (widows) were taken care of especially in these trying times.

PHILANTHROPIC ACTIVITIES

HCCL supported the Dete Old Age Home for senior destitute citizens with 30 tons of cooking coal as a donation to collaborate their vision of improving the living standards and status of the neglected aged people.

The organisation adopted and provided quarterly grocery hampers for local 'Big Charlie' also known as Charles Nyoni who suffers from a medical condition known as gigantic acromegaly caused by excessive hormone growth.

The company also donated a venue towards the Government's department of Social Welfare, for their rice distribution to Persons with Disabilities in Hwange urban.

Good Hope Mothers Orphanage based in Hwange town received technical assistance from the Colliery in the repair their damaged borehole in March 2020.

HCCL donated gravel to Don Bosco Technical College for an expansion project at the local vocation training institution.

The company also provided support and sponsored the Chambuta Children's Home Golf Tournament for the benefit of the children housed there hosted by the Urban Councils of Zimbabwe and Zimbabwe's First Lady Amai Auxillia Mnangagwa.

Responsibilities Of Administrator For The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

It is the Administrator's responsibility to ensure that the financial statements fairly present the state of affairs of the Company. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Administrator has assessed the ability of the Company to continue as a going concern and believes that the preparation of these financial statements on a going concern basis is still appropriate. However, the Administrator believes that under the current economic environment a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies which are supported by reasonable prudent judgements and estimates.

The Company's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Company's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Administrator have been addressed and the Administrator confirms that the system of accounting and internal control is operating in a satisfactory manner.

The Company's financial statements which are set out on pages 33 to 85 were in accordance with their responsibilities approved by the Administrator on 27 April 2020 and are signed on its behalf by:

Administrator	**Acting Managing Director**
Eng D.S Sibanda	**Dr C. Zinyemba**
26 May 2021	26 May 2021

J. Nduku

Finance Manager & Company Secretary

Hwange Colliery Company Limited

INDEPENDENT AUDITORS' REPORT

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To the members of Hwange Colliery Company Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of Hwange Colliery Company Limited as set out on pages 9 to 50, which comprise the inflation adjusted statement of financial position as at 31 December 2020, the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly, in all material respects, the inflation adjusted financial position of Hwange Colliery Company Limited as at 31 December 2020, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Other Business Entities Act (Chapter 24.31).

Basis for Adverse Opinion

Non-compliance with IAS 21 on the accounting of comparatives and transactions for the period

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. On 20 February 2019, a Monetary Policy

Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019.

In order to comply with SI 33/2019, the RTGS transactions and balances for the prior year were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Company changed the functional currency on 22 February 2019 in compliance with SI 33/2019. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019.

In addition, foreign currency denominated transactions and balances for the year were translated into the functional and presentation currency using exchange rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in these financial statements.

Had the Company applied the requirements of IAS 21, many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be material and pervasive to the financial statements, taken as a whole.

Non-compliance with International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 - Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2020. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the consolidated financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Limitation of scope

Included in the company's revenue and inventory are amounts attributable to the medical services and estates divisions, which account for 10% and 3% of the total revenue and inventory of the company, respectively. There were inadequacies noted in relation to the record keeping and controls over revenue and inventory for the medical services and estates divisions. As a result, there were no satisfactory auditing procedures that we could perform to obtain reasonable assurance that revenues and inventories for the medical services and estates divisions were properly recorded.

Financial results of equity accounted investments included in the financial statements not availed.

As described in **note 16** to these financial statements, financial information for the Company's investments in the joint venture arrangement with Hwange Coal Gasification Company Limited were not availed for our review. In addition, the financial information for Zimchem Refiners (Private) Limited and Clay Products Limited was unaudited. Accordingly, we were unable to determine whether any adjustments might be necessary to the share of profit from equity accounted investments, and the effect this might have on the financial statements.

Going concern

As described in **note 33** to these financial statements, Hwange Colliery Company is in its third year under reconstruction in terms section 4 of the reconstruction of State-Indebted Insolvent Companies Act (Chapter 24:27). This was done to rescue the company from the current difficulties which resulted in the total liabilities of the company exceeding total assets.

As more fully disclosed in **note 33** to these financial statements the Company's Administrator has initiated the following amongst other turnaround initiatives:

- Implementation of a sales plan which will be driven by the sale of high value coking coal to mainly coke batteries and industry.
- Implementation of a plan to fully capacitate the open cast mine as well as increase the haulage capacity, the washing capacity and replacement of the continuous miner and shuttle cars.
- The company will also continue with the already implemented tight cost control and working capital management system which is allocating most of the cash resources towards the operations requirements.
- The company will continue with the scheme of arrangement agreed payment plan to creditors although the timelines maybe are adjusted through engagements with all the creditors.

The ability of the Company to continue operating as a going concern is dependent on the success of the turnaround initiatives being pursued by the Company's Administrator.

We draw attention to **note 40** to the financial statements, which describes the uncertainties relating to the possible effects of the COVID-19 pandemic on the Company.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key Audit Matter
Allowance for credit losses	
The Company has trade receivables amounting to ZWL 520 728 000 and allowance for credit losses of ZWL 147 840 000 as disclosed in note 21 to the financial statements and form a major portion of the Company's assets. We considered this area a key audit matter as it requires the application of subjective assumptions and judgement by management.	• We reviewed the methodology and assumptions used in determining the allowance for credit losses by reference to internal and external evidence, as well as the appropriateness of the process of making such estimates. • Performed an independent assessment of the allowance for credit losses and compared our results to the management estimate so as to ascertain the adequacy of allowance for credit losses. We considered management's judgement to be reasonable and we satisfied ourselves that the allowance for credit

	losses provided by the Company is adequate and appropriate.
Valuation of inventory for coal and coal related products The inventory of the company includes coal and coal related products and most of the costs of production are fixed costs. The Company is currently operating at below full capacity and there is a risk that the unit cost of production exceeds the net realisable value of the coal and coal related products upon sale to customers. The Company sells coal fines to cement and brick manufactures and has included in its inventories, coal fines valued at ZWL 332 639 000 as at 31 December 2020. Coal fines are a by-product from crushing and processing of coal various sizes of coal products. The valuation of coal and coal related products has been considered a key audit matter.	Our audit procedures included attendance at year-end physical inventory counts to observe how management and the experts/surveyors involved quantified the inventory. • We considered the competence of the surveyors as evidenced by certification, license or recognition by the appropriate professional board. • We reviewed the results of their reports, and sought to understand and corroborate the reasons for significant or unusual movements in inventory quantities. • We reviewed the methods and assumptions used by the experts. • We reviewed the most recent prices at which coal and coal related products had been sold to customers and verified whether the inventory was carried at the lower of cost and net realisable value. • Reviewed the financial statements to ascertain whether the inventory for coal and coal related products had been correctly classified as either current or non-current assets. • Inspected the financial statements to ascertain whether management had made appropriate disclosures with regards to coal and coal related products. We are satisfied that coal and coal related products, including coal fines, have been properly classified and accounted for in the financial statements.

Other information

The Administrator is responsible for the other information. The other information comprises the Administrator's' Report which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial statements.

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

- Identify and assess the risks of material misstatement of the Financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditors' Report (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Report on other legal and regulatory requirements

In our opinion, except for the non-compliance with International Accounting Standards as described in our Basis for Adverse Opinion, the Financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business entities Act (Chapter 24:31) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

The engagement partner on the audit resulting in this Independent auditor's report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton ……………31 May 2021
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

Statement Of Profit Or Loss And Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
Revenue	5	4 468 640	3 954 207	3 050 637	422 229
Cost of sales		(3 450 666)	(2 060 379)	(2 579 805)	(239 913)
Gross profit		1 017 974	1 893 828	470 832	182 316
Other income	7	118 261	25 460	112 553	2 286
Other losses and gains	8	(1 082 611)	(1 275 560)	(1 052 792)	(256 742)
Marketing costs		(17 078)	(14 020)	(11 586)	(1 301)
Administrative costs		(755 622)	(591 082)	(572 788)	(77 276)
Gain on net monetary position		1 957 681	10 142 541	-	-
Operating profit/loss before interest and tax		1 238 605	10 181 167	(1 053 781)	(150 717)
Finance costs	9	(48 648)	(259 630)	(28 499)	(19 024)
Share of profit/(loss) from equity accounted investments	10	2 843	-	1 390	-
Profit/(loss) before tax	11	1 192 800	9 921 537	(1 080 890)	(169 741)
Income tax credit/(expense)	12	441 157	(2 989 839)	441 157	78 632
PROFIT/LOSS FOR THE YEAR		1 633 957	931 698	(639 733)	(91 109)
Other comprehensive income:					
Gain on revaluation property, plant and equipment		192 634	-	8 668 517	2 380 202
Tax effect of revaluation		(47 619)	-	(2 142 857)	(588 386)
		145 015	-	6 525 660	1 791 816
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 778 972	6 931 698	7 885 927	1 700 707
Attributable profit/(loss) per share					
- basic	13,1	9,68	37,73	(3,48)	(0,50)
- diluted	13,2	8,89	37,73	(3,48)	(0,40)
Headline profit/(loss) per share					
- basic	13,21	8,87	37,14	(3,50)	(0,52)
- diluted	13,3	8,87	37,14	(3,50)	(0,52)

Statement Of Financial Position

As at 31 December 2020

	Notes	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
ASSETS					
Property, plant and equipment	14	11 160 545	11 097 866	11 160 545	2 473 969
Investment property	15	722 088	360 341	442 075	80 328
Investments accounted for using the equity method	16	414 565	411 722	16 167	14 777
Intangible assets	17	4 120	4 769	53	274
Inventories - non current portion	18	263 128	128 173	6 545	5 892
Stripping activity asset	19	-	40 994	-	1 471
		12 564 446	12 043 865	11 625 385	2 576 711
Current assets					
Inventories	20	663 295	663 387	558 404	89 377
Trade and other receivables	21	520 728	575 073	520 728	128 197
Cash and cash equivalents	23	63 774	51 053	63 774	11 381
		1 247 797	1 289 513	1 142 906	228 955
Total assets		13 812 243	13 333 378	12 768 291	2 805 666
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		2 022 422	2 022 422	45 962	45 962
Share premium		22 966	22 966	578	578
Non-distributable reserve		191 778	191 778	4 358	4 358
Revaluation reserve		145 015	-	8 357 425	1 831 765
Retained earnings/(accumulated losses)		5 517 368	3 883 411	(1 167 879)	(528 146)
		7 899 549	6 120 577	7 240 444	1 354 517
Non current liabilities					
Finance lease liability	26	-	1 794	-	400
Borrowings	27,1	187 496	806 074	187 496	179 693
Long term creditors	28	1 835 774	2 461 053	1 835 774	548 625
Income tax liability	29	10 055	45 105	10 055	10 055
Deferred tax liability		2 596 301	2 989 839	2 211 454	509 754
		4 629 626	6 303 865	4 244 779	1 248 527
Current liabilities					
Finance lease liability	26	-	2 365	-	527
Borrowings	27,2	150 031	-	150 031	-
Trade and other payables	28	824 059	791 514	824 059	176 447
Provisions	30	308 978	115 057	308 978	25 648
		1 283 068	908 936	1 283 068	202 622
Total equity and liabilities		13 812 243	13 333 378	12 768 291	2 805 666

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Administrator
D. Sibanda

……………………………………………

Acting Managing Director
Dr C. Zinyemba

Statement Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

INFLATION ADJUSTED

	Share Capital ZWL'000	Share premium ZWL'000	Non-Distributable reserves ZWL'000	Revaluation reserves ZWL'000	Retained earnings Accumulated losses ZWL'000	Total ZWL'000
Balance at 1 January 2019	2 022 422	22 966	191 778	(1 658 455)	-	578 711
Transfer to retained earnings				1 658 455	(1 658 455)	-
Other comprehensive income, net of tax	-	-	-	-	(1 389 832)	(1 389 832)
Profit for the year	-	-	-	-	6 931 698	6 931 698
Balance at 31 December 2019	2 022 422	22 966	191 778	-	3 883 411	6 120 577
Balance at 1 January 2020	2 022 422	22 966	191 778	-	3 883 411	6 120 577
Other comprehensive income, net of tax	-	-	-	145 015	-	145 015
Profit for the year	-	-	-	-	1 633 957	1 633 957
Balance at 31 December 2020	2 022 422	22 966	191 778	145 015	5 517 368	7 899 549

HISTORICAL COST

	Share Capital ZWL'000	Share premium ZWL'000	Non-Distributable reserves ZWL'000	Revaluation reserves ZWL'000	Accumulated losses ZWL'000	Total ZWL'000
Balance at 1 January 2019	45 962	578	4 358	39 949	(380 872)	(290 025)
Effect of change in functional currency					(56 165)	(56 165)
Loss for the year	-	-	-		(91 108)	(91 108)
Other comprehensive income, net of tax				1 791 816		1 791 816
Balance at 31 December 2019	45 962	578	4 358	1 831 765	(528 145)	1 354 518
Balance at 1 January 2020	45 962	578	4 358	1 831 765	(528 145)	1 354 518
Loss for the year	-	-	-	-	(639 734)	(639 734)
Other comprehensive income, net of tax	-	-	-	6 525 660	-	6 525 66
Balance at 31 December 2020	45 962	578	4 358	8 357 425	(1 167 879)	7 240 444

Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		1 192 800	9 921 537	(1 080 891)	(169 741)
Adjustment for non-cash items:					
Foreign exchange gain/(loss)		1 444 357	336 792	1 414 539	332 580
Insurance claim	7	-	(121)	-	(27)
Finance costs	9	48 648	85 334	28 499	19 023
Impairment of assets (reversal)	14	-	(26 893)	-	(5 995)
Depreciation	14	317 528	46 761	157 107	10 424
Fair value adjustment on investment property		(361 747)	(340 198)	(361 747)	(75 838)
Share of (profit)/loss from equity accounted investments		(2 843)	-	(1 390)	-
Amortisation	17	435	955	213	213
Allowance for credit losses		120 447	-	120 447	-
Gain/(loss) on net monetary position		(1 957 681)	(10 142 541)	-	-
Operating cash flow before changes in working capital		801 944	(118 374)	276 777	110 639
Changes in working capital:					
(Increase) in inventory		(960 379)	(320 775)	(469 680)	(71 508)
Decrease in stripping activity asset		1 471	-	1 471	
(Decrease) in receivables		(802 629)	(431 911)	(392 531)	(96 283)
Increase in provisions		579 340	42 557	283 330	9 487
Increase/(decrease) in trade and other payables		1 324 206	362 986	647 612	80 918
Cash utilised in operating activities		943 953	(465 517)	346 979	33 253
Interest paid		(21 541)	-	(10 537)	-
Net cash flows utilised in operating activities		922 412	(465 517)	336 442	33 253
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(187 574)	(211 578)	(175 166)	(18 061)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/increase in long-term creditors		(470 567)	50 865	(230 130)	11 339
Proceeds from borrowings		209 603	28 523	197 765	6 358
Repayment of borrowings		(256 207)	(103 493)	(76 518)	(23 071)
Net cash flows generated from financing activities		(517 171)	(24 105)	(108 883)	(5 374)
Net decrease in cash and cash equivalents		217 667	(701 200)	52 393	9 818
Cash and cash equivalents at beginning of the year		11 381	7 011	11 381	1 563
Effects of inflation		(165 274)	745 242	-	-
Cash and cash equivalents at end of year	23	63 774	51 053	63 774	11 381

Statement Of Accounting Policies

FOR THE YEAR ENDED 31 DECEMBER 2020

1 NATURE OF OPERATIONS AND GENERAL INFORMATION

Hwange Colliery Company Limited is a Company whose principal activities include extraction, processing and distribution of coal and coal products and provision of health services and various retail goods and services. Its activities are Companied into the following three (3) areas:

i) Mining - the extracting, processing and distribution of coal and coal products.

ii) Medical services - provides healthcare to staff members and the surrounding community.

iii) Estates - the division provides properties for rental and sell retail goods and services.

The Company is a limited liability Company incorporated and domiciled in Zimbabwe. It is listed primarily on the Zimbabwe Stock Exchange (ZSE), and has secondary listing on the Johannesburg Stock Exchange (JSE) and London Stock Exchange (LSE).

The company's financial statements were authorised for issue by the 28th May 2021.

Presentation currency

These financial statements are presented in Zimbabwean Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Company operates.

2 STATEMENT OF COMPLIANCE

The abridged financial results of the Company have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Company latest annual financial statements. The Company partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019.

IAS 29 'Financial Reporting in Hyper -Inflationary Economies'

The Company adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index(CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors unused to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

Date	Indices	Conversion Factor
31 December 2020	2474,51	1,000
31 December 2019	551,63	4,486

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 CHANGES IN ACCOUNTING POLICIES

3.1 New and revised standards and interpretations

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Standards issued but not yet effective

IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material

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

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Be nchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships

IFRS 3 Business Combinations: Definition of Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input, and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 SUMMARY OF ACCOUNTING POLICIES

4.1 Overall considerations

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below:

4.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Company's financial statements, all assets, liabilities and transactions of the entities with a functional currency other than the ZWL , are translated into ZWL.

4.3 Investment in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost. The company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The carrying amount of the investments is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of the assets and liabilities.

Unrealised gains/losses on transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.4 Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services. Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

4.4.1 Sale of goods

Revenue represents sales of coal and related products and is recognised after the following:

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

4.4.1 Sale of goods (Cont'd.)

To determine whether to recognise revenues, the Company follows a 5 step process:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transactional price to the performance obligations
5. Recognising revenues when/as performance obligation(s) are satisfied.

4.4.2 Dividend income

Dividend revenue from investments is recognised when the Shareholder's right to receive payment has been established.

4.4.3 Interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts, through the expected life of the financial asset to that asset's net carrying amount.

4.4.4 Rendering of services

Revenue from the rendering of services from the hospital, estates and investment property is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

4.5 Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

4.6 Finance Costs

Finance costs are reported on an accrual basis using the effective interest method.

4.7 Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary Shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.9 Property, Plant And Equipment

Freehold land and buildings and property, plant and machinery are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to capital reserves in the Shareholders' equity. Decreases that offset previous increases of the same asset are charged against capital reserves directly in equity; all other decreases are charged to profit or loss. Each year the difference, between depreciation based on the revalued carrying amount of the asset charged to statement of comprehensive income and depreciation based on the asset's original cost, is transferred from ''capital reserves'' to ''retained earnings''.

4.9.1 Depreciation

Land, capital work in progress and pre-stripped overburden are not depreciated. All other property, plant and equipment are depreciated on a straight line basis or amortised at rates estimated to write-off the cost or valuation of such assets over their expected useful lives.

The expected useful lives are as follows:

Buildings	35 to 40 years
Permanent works	7 to 40 years
Plant, machinery and movable equipment	7 to 30 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4.9.2 Gains and losses on disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in profit or loss.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

4.9 Property, Plant And Equipment (Cont'd.)

4.10 Intangible assets

Intangible assets include acquired mining rights and acquired and internally developed software used in production or administration that qualify for recognition as an intangible assets. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

Mining rights	- amortised over the estimated life of coal reserves
ERP and other software's	- 10 years

Amortisation charge for the year is included within 'depreciation, amortisation and impairment of non-financial assets'.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure on brands is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, are expensed as incurred.

4.11 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicated that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset' s fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are Companyed at the lower levels for which there are separate identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

4.12 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value determined by external independent valuers'. Investment property is not subject to depreciation. Gains and losses arising from changes in the fair value of investment property are recognised in profit or loss.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss; any amounts on capital reserves relating to that investment property are transferred to retained earnings.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

4.13 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

4.13.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.
The Company's financial assets are marketable securities that are carried at market value, which is calculated by reference to quoted selling prices at the date of business on the reporting date.

4.13.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

4.13.3 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within ''selling and marketing costs''. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against ''selling and marketing costs'' in profit or loss.

4.13.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the reporting date.

4.14 Stripping activity asset

Stripping asset activity represents the cost of overburden removed to expose coal and is capitalised during the course of development. The portion relating to reserves expected to be mined in the next twelve months (12) is transferred to current assets and is charged to cost of production as the coal is mined whilst the portion that is expected to be mined after twenty four (24) months is recognised under non-current assets as other assets.

After initial recognition, the stripping activity asset is carried at cost less depreciation and impairment losses.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4.15 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of consumable stores is determined using the weighted average cost method. The cost of finished goods is determined on an average cost of production basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.16 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

4.16 Share capital (Cont'd.)

Where a Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

4.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.18 Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

4.19 Dividend distribution

Dividend distribution to the Company's Shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders.

4.20 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.22 Employee benefits

4.22.1 Pension and retirement schemes

The Company is a member of the Mining Industry Pension Fund which is independently administered as a defined contribution scheme. All full time permanent employees are members and the scheme provides for contributions by both employer and employee.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

4.22 Employee benefits (Cont'd.)

4.22.1 Pension and retirement schemes (Cont'd.)

The Company's contributions to the defined contribution pension plans are charged to statement of profit or loss in the year to which they relate. The Company and all employees must contribute to the National Social Security Authority statutory pension and benefits scheme, which is a defined contribution scheme.

4.22.2 Equity compensation benefits

The stock option program allows employees to acquire shares in the Company. When the options are exercised equity is increased by the amount of the proceeds received.

4.22.3 Short-term employee benefits

Short term employee benefits, including holiday entitlement, are measured at an undiscounted amount and recognised as an expense in the profit or loss during the period in which the services are rendered. Short term benefits expected to be paid are recognised as a liability (accrued expense), after deducting any amount already paid.

4.23 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Short-term employee benefits include wages, salaries and social security contributions; short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the period in which the employees render the related employee service; profit-sharing and bonuses payable within twelve months after the end of the period in which the employees render the related service; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees. The entity recognises the undiscounted amount of short-term employee benefits as an expense in profit or loss during the period in which the services are rendered. Short-term benefits expected to be paid are recognised as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be remote.

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

4.23 Provisions Cont'd.)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.23.1 Rehabilitation and restoration costs

The Company recognises provisions for the restoration and rehabilitation of mined areas. The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting the restoration and rehabilitation provision.

The Company has three operating segments: the Mining, Medical Services and Estates. In identifying these operating segments, management generally follows the Company's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length basis.

For management purposes, the Company uses the same measurement policies as those used in its financial statements.

4.25 Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

4.25.1 The party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;

4.25.2 The Company and the party are subject to common control;

4.25.3 The party is an associate of the Company or a joint venture in which the Company is a venturer;

4.25.4 The party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

4 SUMMARY OF ACCOUNTING POLICIES (Cont'd.)

Statement Of Accounting Policies (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

4.25 Related parties (Cont'd.)

4.25.5 The party is a close family member of a party referred to in 4.23.1 or is an entity under the control, joint control or significant influence of such individuals; or

4.23.6 The party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

5 REVENUE

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Mining	4 108 491	3 649 509	2 857 210	395 001
Medical services	85 486	56 518	56 034	5 750
Estates	274 663	248 180	137 393	21 478
	4 468 640	3 954 207	3 050 637	422 229

6 SEGMENT REPORTING

For management purposes, the Company is organised into divisions based on its products and services and has three reportable segments, as follows:

-The Mining Division, which mines and sells coal and coal products;
-The Medical Services Division, which provides medical services; and
-The Estates Division, which leases property owned by the Company.
No operating segments have been aggregated to form the above reportable operating segments.

Segment information for the reporting period is as follows:

Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

6 SEGMENT REPORTING

	INFLATION ADJUSTED			
	Mining ZWL'000	Medical Services ZWL'000	Estates ZWL'000	Total ZWL'000
2020				
Revenue				
From external customers	4 108 491	85 486	274 663	4 468 640
From other segments	-	500	11 062	11 562
Segment revenues	4 108 491	85 986	285 725	4 480 202
Other income	114 024	1 714	2 521	118 259
Cost of sales	(3 029 410)	(131 733)	(289 523)	(3 450 666)
Marketing costs	(17 078)	-	-	(17 078)
Other gains and losses	(1 082 611)			(1 082 611)
Administration expenses	(631 852)	(8 774)	(114 996)	(755 622)
Gain on net monetary position	1 957 682	-	-	1 957 682
Segment operating profit/(loss)	1 419 246	(53 307)	(127 335)	1 238 604
Segment assets	11 099	1 307	59 822	72 228
2019				
Revenue				
From external customers	3 649 509	56 518	248 180	3 954 207
From other segments	-	2 243	49 623	11 562 018
Segment revenues	3 649 509	58 761	297 803	15 516 225
Other income	9 162	1 968	14 331	25 461
Cost of sales	(1 753 927)	(106 067)	(200 385)	(2 060 379)
Marketing costs	(14 020)			(14 020)
Other gains and losses	(1 275 560)	-	-	(1 275 560)
Administration expenses	(533 813)	(5 241)	(52 028)	(591 082)
Impairment of assets				
Gain/(loss) on net monetary position	10 142 544	-	-	10 142 544
Segment operating loss	10 223 895	(52 822)	10 098	21 743 189
Segment assets	11 088 674	-	-	11 088 674

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 SEGMENT REPORTING (Cont'd.)

	HISTORICAL COST			
	Mining ZWL'000	Medical Services ZWL'000	Estates ZWL'000	Total ZWL'000
2020				
Revenue				
From external customers	2 857 210	56 034	137 393	3 050 637
From other segments	-	8 224	125 828	134 052
Segment revenues	2 857 210	64 258	263 221	3 184 689
Other income	110 379	1 056	1 119	112 554
Cost of sales	(2 291 679)	(97 656)	(190 470)	(2 579 805)
Marketing costs	(11 586)	-	-	(11 586)
Other gains and losses	(1 053 221)	69	360	(1 052 792)
Administration expenses	(487 659)	(6 762)	(78 364)	(572 786)
Segment operating (loss)/profit	(876 556)	(39 036)	(4 134)	(1 053 777)
Segment assets	11 099	1 307	59 822	72 228
2019				
Revenue				
From external customers	395 001	5 750	21 478	422 229
From other segments	-	500	11 062	11 562
Segment revenues	395 001	6 250	32 540	433 791
Other income	1 561	220	504	2 285
Cost of sales	(205 168)	(10 174)	(24 571)	(239 913)
Marketing costs	(1 301)	-	-	(1 301)
Other gains and losses	(256 742)	-	-	(256 742)
Administration expenses	(71 705)	(496)	(5 074)	(77 275)
Segment operating loss	(138 354)	(4 200)	3 399	(150 717)
Segment assets	2 471 920	698	1 351	2 473 968

The Administrator currently identifies the Company's three business lines as its operating segments. These operating segments are monitored by the Company'sAdministrator and strategic decisions are made on the basis of adjusted segment operating results.

The Company's revenues from external customers are divided into the following geographical areas:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 Mining ZWL'000	2019 Medical Services ZWL'000	Estates ZWL'000	Total ZWL'000
Sales within Zimbabwe	4 364 049	3 866 107	2 966 796	412 815
Sales elsewhere in Sub-Saharan Africa	104 587	88 100	83 841	9 414
Total revenue	4 468 636	3 954 207	3 050 637	422 229

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 OTHER INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Insurance claims	-	271	-	27
Rental income	3 072	14 811	1 145	1 108
Sale of scrap metal	5 269	2 925	4 296	223
Sundry income	109 920	7 453	107 112	928
	118 261	25 460	112 553	2 286

8 OTHER LOSSES AND GAINS

	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
Fair value adjustment on investment property	361 747	235 235	361 747	75 838
Foreign exchange loss	(1 444 358)	(1 510 795)	(1 414 539)	(332 580)
	(1 082 611)	(1 275 560)	(1 052 792)	(256 742)

9 FINANCE COSTS

	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
Interest on loans and overdrafts	48 648	259 070	28 499	18 899
Interest on leases	-	560	-	125
	48 648	259 630	28 499	19 024

Interest on loans and overdraft comprise of interest charged on the Government of Zimbabwe treasury bills at a rate of 7% per annum , ZAMCO and EXIM loan and finance lease facilities at an interest rate of 7% and LIBOR + 3.5% per annum respectively.

10 SHARE OF LOSSES FROM EQUITY ACCOUNTED INVESTMENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Included in this amount is the Company's share of loss after tax from:				
Clay Products (Private) Limited	2 843	-	1 390	-
Zimchem Refineries(Private) Limited	-	-	-	`-
Hwange Coal Gasification Company	-	-	-	-
	2 843	-	1 390	

The share of profit of Zimchem Refiners (Private) Limited for 31 December 2020 amounting to ZWL 7 927 000 was not recorded in these financial statements as the cumulative share of losses exceeds the carrying amount of the investment in the associate.

Audited financial information for Hwange Coal Gasification Company, Zimchem (Private) Limited and Clay products (Private) Limited were not available at the date of publication.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 PROFIT/(LOSS) BEFORE TAX

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2020 ZWL'000
Profit/(loss) before tax for the year has been arrived at after charging the following:				
Expected credit losses	120 447	12 546	120 447	2 797
Amortisation	434	8 785	213	213
Audit fees	6 254	20 260	4 166	1 5
Depreciation on property, plant and equipment (note 14)	317 528	148 388	157 107	10 424
Impairment of assets (note 14)	-	(142 112)	-	(5 995)
Admin fees	134 059	118 626	91 519	12 667
- Executive Directors	11 618	11 570	4 704	565
Employee benefits expense (note 11.1)	1 541 014	984 516	519 210	48 594

11.1 Employee benefits expense

Salaries and other contributions	1 011 344	684 168	494 605	46 481
Contribution to Mining Industry Pension Fund	522 937	293 727	21 312	1 663
Contribution to National Social Security Authority	6 733	6 621	3 293	450
	1 541 014	984 516	519 210	48 594

Employee benefit expense amounting to ZWL 328 038 319 (2019: ZWL 24 792 085) was charged directly to cost of sales. In the inflation adjusted accounts, an amount of ZWL 950 373 786 (2019: ZWL 502 294 505) was charged to cost of sales.

2019	INFLATION ADJUSTED 2020 ZWL'000	2019 ZWL'000	HISTORICAL COST ZWL'000	ZWL'000
12 INCOME TAX				
12.1 Current tax:				
Current tax	-	-	-	-
Deferred tax	(441 157)	2 989 839	(441 157)	(78 632)
Income tax (credit)/expense	(441 157)	2 989 839	(441 157)	(78 632)
12.2 Tax reconciliation:				
Profit/(Loss) before tax	1 192 800	9 921 537	(108 0891)	(16 9740)
Notional tax thereon at a rate of 24.75%	295 218	2 455 580	(26 7521)	(42 011)
Tax effect of:				
Non deductible/(taxable) items				
- Income not subject to tax	(954 536)	(323 976)	(139 828)	(102 217)
- Expenses not deductible in determining tax	690 454	3 243 614	366 844	8 267
Effect of assessed loss on taxable income	(472 293)	(2 385 379)	(400 652)	57 329
Income tax (credit)/expense	**(441 157)**	**2 989 839**	**(441 157)**	**(78 632)**

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

12.3 Deferred tax movement

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance at 1 January	2 989 839	-	509 754	-
Movement through other comprehensive income	47 619	-	2 142 857	588 386
Movement through profit/loss	(441 157)	2 989 839	(441 157)	(78 632)
Balance at 31 December	2 596 301	2 989 839	2 211 454	509 754

The amounts recognised in other comprehensive income relate to the revaluation of property, plant and equipment

12.4 Deferred tax liabilities:

Capital allowances and other

	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
Balance at 1 January	3 017 268	839 637	631 422	30 134
Movement	68 597	2 177 631	68 597	601 288
Balance at 31 December	3 085 865	3 017 268	700 019	631 422

12.5 Deferred tax assets:

Assessed loss

	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
Balance at 1 January	(27 429)	(839 637)	(121 668)	(30 134)
Movement	(319 847)	812 208	(319 489)	(91 534)
Balance at 31 December	(347 276)	(27 429)	(441 157)	(121 668)

As at year end, the Company had cumulative historic assessed tax losses amounting to ZWL 560 901 000 (2019: ZWL 492 185 233).

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 PROFIT/(LOSS) PER SHARE

13.1 Basic

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Profit/(loss) attributable to shareholders	1 778 972	6 931 698	(639 734)	(91 108)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Basic profit/(loss) per share	9,68	37,73	(3,48)	(0,50)

Basic profit/(loss) per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

13.2 Diluted

For earnings/(loss) per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares being share options granted to employees.
The earnings/(loss) used in the calculation of all diluted loss per share measures are the same as those for the equivalent basic loss per share measures, as outlined above.

In the diluted earnings/(loss) per share the share options calculation is done to determine the number of shares that could have been acquired (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution; for the share option calculation no adjustment is made to earnings/(loss).

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Earnings/(loss) used to determine diluted earnings/(loss) per share	1 633 957	6 931 698	(639 734)	(91 108)
Weighted average number of ordinary shares in issues	183 721	183 721	183 721	183 721
Diluted profit/(loss) per share	8,89	37,73	(3,48)	(0,50)

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 PROFIT/(LOSS) PER SHARE (Cont'd.)

13.3 Profit/(loss) per share

Headline profit/(loss) per share excludes all items of a capital nature and represents an after tax amount. It is calculated by dividing the headline profit/(loss) shown below by the number of shares in issue during the year:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
IAS 33 -Loss for the year	1 633 957	6 931 698	(639 734)	(91 108)
Non - recurring items:				
Proceeds on sale of scrap	(5 269)	(2 925)	(4 296)	(223)
Impairment of assets/(reversal)	-	(142 112)	-	(5 995)
Stripping activity asset impairment	-	-	-	-
Loss on disposal of treasury bills	-	-	-	-
Tax effect of the above	1 304	37 347	1 063	1 601
Headline profit/(loss)	1 629 992	6 824 008	(642 967)	(95 725)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Headline profit/(loss) per share	8,87	37,14	(3,50)	(0,52)

13.4 Diluted headline profit/(loss) per share

	INFLATION ADJUSTED 2020 ZWL'000	INFLATION ADJUSTED 2019 ZWL'000	HISTORICAL COST 2020 ZWL'000	HISTORICAL COST 2019 ZWL'000
Profit/(loss) used to determine diluted headline loss per share	1 629 992	6 824 008	(642 967)	(95 725)
Weighted average number of ordinary shares in issue	183 721	183 721	183 721	183 721
Diluted headline loss per share	8,87	37,14	(3,50)	(0,52)

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED

	Freehold land and buildings ZWL'000	Plant machinery and movables ZWL'000	Motor vehicles ZWL'000	Capital work in progress ZWL'000	Total ZWL'000
Year Ended 31 December 2020					
Cost/Gross carrying amount					
Balance at 1 January	8 222 480	3 389 880	143 219	38 783	11 794 362
Revaluation	137 052	53 753	1 829	-	192 634
Additions	-	84 351	29 674	73 549	187 574
Balance as at 31 December	8 359 532	3 527 984	174 722	112 332	12 174 570
Depreciation and impairment					
Balance at 1 January	175 804	495 611	14 534	10 547	696 496
Depreciation charge for the year	106 223	197 922	13 384	-	317 529
Balance as at 31 December	282 027	693 533	27 918	10 547	1 014 025
Carrying amount as at 31 December	8 077 505	2 834 451	146 804	101 785	11 160 545
Year ended 31 December 2019					
Cost/ gross carrying amount					
Balance at 1 January	8 222 480	3 224 952	111 595	23 757	11 582 784
Additions	-	164 928	31 149	15 501	211 578
Reclassification of assets	-	-	475	(475)	-
Balance as at 31 December	8 222 480	3 389 880	143 219	38 783	11 794 362
Depreciation and impairment					
Balance at 1 January	141 480	528 198	9 995	10 547	690 220
Depreciation charge for the year	34 324	109 525	4 539	-	148 388
Impairment	-	(142 112)	-	-	(142 112)
Balance as at 31 December	175 804	495 611	14 534	10 547	696 496
Carrying amount at 31 December	8 046 676	2 894 269	128 685	28 236	11 097 866

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

HISTORICAL COST

	Freehold land and buildings ZWL'000	Plant machinery and movables ZWL'000	Motor vehicles ZWL'000	Capital work in progress ZWL'000	Total ZWL'000
Year Ended 31 December 2020					
Cost/Gross carrying amount					
Balance at 1 January	1 832 979	755 682	31 928	8 64	2 629 234
Additions	-	75 172	26 445	73 549	175 166
Revaluation	8 556 117	16 358	96 042	-	8 668 517
Balance as at 31 December	10 389 096	847 212	154 415	82 194	11 472 917
Depreciation and impairment					
Balance at 1 January	39 191	110 483	3 240	2 351	155 265
Depreciation charge for the year	52 557	97 928	6 622	-	157 107
Balance as at 31 December	91 748	208 411	9 862	2 351	312 372
Carrying amount at 31 December	10 297 348	638 801	144 553	79 843	11 160 545
Year ended 31 December 2019					
Cost/ gross carrying amount					
Balance at 1 January	102 834	119 513	3 328	5 296	230 971
Additions	-	12 433	2 173	3 455	18 061
Revaluation	1 730 145	623 736	26 321	-	2 380 202
Reclassification of assets	-	-	106	(106)	-
Balance as at 31 December	1 832 979	755 682	31 928	8 645	2 629 234
Depreciation and impairment					
Balance at 1 January	36 780	108 784	2 921	2 351	150 836
Depreciation charge for the year	2 411	7 694	319	-	10 424
Impairment	-	(5 995)	-	-	(5995)
Balance as at 31 December	39 191	110 483	3 240	2 351	155 26
Carrying amount at 31 December	1 793 788	645 199	28 688	6 294	2 473 969

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

14.1 leases

The Company has certain property that is held under a lease arrangement. As at 31 December 2020, the carrying amount of the property is ZWL85 751 135 (2019: ZWL 37 737 531) and is included in freehold land and buildings. Finance lease liabilities are secured by the related assets held under finance leases. Future minimum lease payments at 31 December were as follows:

INFALTION ADJUSTED

	Minimum lease payments due			
	Within 1 year ZWL'000	1 to 5 years ZWL'000	After 5 years ZWL'000	Total ZWL'000
31 December 2020				
Principal repayments	-	-	-	-
Finance charges accrued	-	-	-	-
Total	-	-	-	-
31 December 2019				
Principal repayments	2 692	449	1 346	4 486
Finance charges accrued	(326)	-	-	(326)
Total	2 366	449	1 346	4 160

HISTORICAL COST

	Minimum lease payments due			
	Within 1 year ZWL'000	1 to 5 years ZWL'000	After 5 years ZWL'000	Total ZWL'000
31 December 2020				
Principal repayments	-	-	-	-
Finance charges accrued	-	-	-	-
Total	-	-	-	-
31 December 2019				
Principal repayments	600	100	300	1 000
Finance charges accrued	(73)	-	-	(73)
Total	527	100	300	927

The lease agreement includes fixed lease payments and a purchase option at the end of the lease term. The agreements are non-cancellable but do not contain any further restrictions.

No contingent rents were recognised as an expense in the reporting periods under review, and no future sublease income is expected to be received as all assets are used exclusively by the Company.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Valuation at 1 January	360 341	125 106	80 328	4 490
Fair value gains (included in other gains and losses)	361 747	235 235	361 747	75 838
At 31 December	**722 088**	**360 341**	**442 075**	**80 328**

Investment property is comprised of as follows:
Land situated at Lot 7 of Stand 2185, Salisbury Township Harare with an administration building thereon.

Land situated at Stand 555, Bulawayo Township Bulawayo with an administration building thereon.

Land situated at Stand 701 Bulawayo Township with a residential building thereon.
Land situated at Stand 690 Bulawayo Township with a residential building thereon.
Note 32.1 sets out how the fair value of the investment properties has been determined.

15.1 The following amount has been recognised in the statement of comprehensive income:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Rental income	3 072	14 811	1 145	1 108

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates (note 16.1)	3 498	655	1 414	24
Investments in joint venture (note 16.2)	411 067	411 067	14 753	14 753
	414 565	411 722	16 167	14 777

16.1 Investments in associates

Carrying amount as at 1 January	655	655	24	24
Share of profit/	2 843	-	1 390	-
Carrying amount as at 31 December	3 498	655	1 414	24

The Company holds a 49% voting and equity interest in Clay Products (Private) Limited. Hwange Colliery Company Limited also holds a 44% voting and equity interest in Zimchem Refineries (Private) Limited. The investments are accounted for under the equity method.

The shares are not publicly listed on a stock exchange and hence published price quotes are not available. The aggregate amounts of certain financial information of the associates can be summarised as follows:

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Investments accounted for using the equity method (Cont'd.)

16.1 Investments in associates (Cont'd.)

	CLAY PRODUCTS		ZIMCHEM	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Assets	24 134	12 642	80 713	1 341
Liabilities	22 457	16 526	570 510	6 516
Revenues	45 192	5 873	74 592	1 172
Profit/(loss) for the year	2 837	-	(18 016)	637
Loss for the year attributable to Hwange Colliery Company Limited	1 390	-	(7927)	280

The Company did not recognise its share of losses for the year amounting to ZWL 7 927 000 (2019: ZWL 280 399 loss) for Zimchem Refiners (Private) Limited as the share of cumulative losses exceed the carrying amount of the investment in the associate even with the current year profit.

Dividends are subject to the approval of at least 51% of all shareholders of the associates. The Company did not receive dividends during the 2020 and 2019 financial years.

The Company has not incurred any contingent liabilities or other commitments relating to the investment in associates.
*Unaudited financial information for associates has been included in these financial statements as the audited financial information was not available.

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Carrying amount as at 1 January	411 067	411 067	14 753	14 753

16.3 Investment in joint venture

Hwange Coal Gasification Company (Private) Limited is the only jointly controlled entity and the ultimate ownership interest is 25%. Hwange Colliery Company Limited's investment in the joint venture is being acquired on a piecemeal basis. The investment in the joint venture has been accounted for using the equity method.

The aggregate amounts relating to Hwange Coal Gasification Company are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Non-current assets	1 311 844	1 311 844	47 082	47 082
Current assets	1 017 734	1 017 734	36 526	36 526
Total assets	2 329 578	2 329 578	83 608	83 608
Non-current liabilities	743 612	743 612	26 688	26 688
Current liabilities	234 895	234 895	8 430	8 430
Total liabilities	978 507	978 507	35 118	35 118

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 INTANGIBLE ASSETS

	INFLATION ADJUSTED			
	Exploration and evaluation asset ZWL'000	Mining rights ZWL'000	ERP development and other software ZWL'000	Total ZWL'000
2020				
Cost/ Gross carrying amount				
Balance at 1 January 2020	215	5 573	56 524	62 312
Additions	-	-	-	-
Balance at 31 December 2020	215	5 573	56 524	62 312
Amortisation and impairment				
Balance at 1 January 2020	-	5 181	52 362	57 543
Amortisation	-	20	414	434
Impairment	215	-	-	215
Balance at 31 December 2020	215	5 201	52 776	58 192
Carrying amount 31 December 2020	-	372	3 748	4 120
2019				
Cost/ Gross carrying amount				
Balance at 1 January 2019	215	5 573	56 524	62 312
Additions	-	-	-	-
Balance at 31 December 2019	215	5 573	56 524	62 312
Amortisation and impairment				
Balance at 1 January 2019	-	4 768	43 990	48 758
Amortisation	-	413	8 372	8 785
Balance at 31 December 2019	-	5 181	52 362	57 543
Carrying amount 31 December 2019	215	392	4 162	4 769

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 INTANGIBLE ASSETS (Cont'd.)

	HISTORICAL COST			
	Exploration and evaluation asset ZWL'000	Mining rights ZWL'000	ERP development and other software ZWL'000	Total ZWL'000
2020				
Cost/ Gross carrying amount				
Balance at 1 January 2020	8	200	2 029	2 237
Additions	-	-	-	-
Balance at 31 December 2020	8	200	2 029	2 237
Amortisation and impairment				
Balance at 1 January 2020	-	181	1 782	1 963
Amortisation	-	10	203	213
Impairment	8	-	-	8
Balance at 31 December 2020	8	191	1 985	2 184
Carrying amount 31 December 2020		9	44	53
2019				
Cost/ Gross carrying amount				
Balance at 1 January 2019	8	200	2 029	2 237
Additions	-	-	-	-
Balance at 31 December 2019	8	200	2 029	2 237
Amortisation and impairment				
Balance at 1 January 2019	-	171	1 579	1 750
Amortisation	-	10	203	213
Balance at 31 December 2019	`-	181	1 782	1 963
Carrying amount 31 December 2019	8	19	247	274

The Company has an enterprise resource planning (ERP) software that supports the administration and control of the Company. Mining rights comprise coal mining claims which are yet to be mined. No intangible assets have been pledged as security for liabilities.

17.1 Mining rights

The Company has four (4) mining concessions, Hwange option area, Hwange Concession, Lubimbi East and Lubimbi West. The special grants, Lubimbi East and Lubimbi West measure 9 648, 4 200 and 10 995 hectares of minable area respectively and were awarded by the Government of Zimbabwe on 31 July 2015. These Concessions will increase the life of the mine by an estimated 50 years.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 INVENTORIES NON-CURRENT PORTION

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance at 1 January	217 650	245 411	8 117	8 808
Additions to stockpiles	-	-	-	-
Sales	(8 497)	(27 761)	(948)	(691)
Balance at 31 December	209 153	217 650	7 169	8 117
Balance at end of year is classified as follows:				
Non-current portion	263 128	128 173	6 545	5 892
Current portion (included in inventories note 20)	69 511	89 478	1 729	2 226
	332 639	217 651	8 274	8 118

The Company accumulated coal fines over the years for which an active market was identified in 2009. Coal fines in excess of the average annual uptake of the product have been classified as non-current assets.

19 Stripping activity asset

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance at 1 January	40 994	40 994	1 471	1 471
Current year pre-stripping costs	-	-	-	-
Provision for impairment	(40 994)	-	(1 471)	-
Balance at 31 December	-	40 994	-	1 471
Balance at end of year allocated as follows:				
Non-current assets	-	40 994	-	1 471
Current assets	-	-	-	-
Balance at end of year	-	40 994	-	1 471

20 Inventories

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Raw materials/consumables	127 478	268 327	90 369	19 030
Finished goods				
- Coal	466 306	305 582	466 306	68 121
- Coal fines (note 18)	69 511	89 478	1 729	2 226
	663 295	663 387	558 404	89 377

During the year ended 31 December 2020, a total of ZWL 29 733 976 (2019: ZWL 1 385 212) worth of inventories was included in profit and loss as an expense resulting from write down of inventories to net realisable value.

No reversal of previous write-downs was recognised as a reduction of expense in 2020: nil (2019: nil)

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Trade receivables, gross	574 972	491 872	574 972	109 650
Allowance for credit losses	(147 840)	(122 880)	(147 840)	(27 393)
Trade receivables, net	427 132	368 992	427 132	82 257
Other receivables	93 596	206 081	93 596	45 940
	520 728	575 073	520 728	128 197

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Included in trade receivables is an amount of ZWL 21 539 736 (2019: ZWL 1 319 923) relating to related party receivables (note 22.2).

Company adopted IFRS 9 "Financial instrustment" from 1 January 2018 which resulted in changes in the accouting policy on trade receivables. The Company elected the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, the credit risk and credit profile of each receivable was considered on an individual basis.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an increase in allowance for credit losses of ZWL 120 447 069 (2019:ZWL 2 796 999) has been recognised.

The movement in the allowance for credit losses can be reconciled as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
`	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance 1 January	27 393	110 334	27 393	24 596
Increase in allowance for credit losses	120 447	12 546	120 447	2 797
Balance 31 December	147 840	122 880	147 840	27 393

The table below describes the credit loss allowanced recognised on balance sheet.

Trade receivables	Current ZWL'000	More than 30 days past due ZWL'000	More than 60 days past due ZWL'000	More than 90 days past due ZWL'000	More than 120 days past due ZWL'000	Total ZWL'000
Gross carrying amount	131 824	115 386	85 563	65 155	177 044	574 972
Average expected loss rate	18,3%	6,6%	2,9%	20.6%	82,0%	25,7%
Credit loss allowance	8 006	7 597	13 332	1 753	117 152	147 840

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Related party disclosures

The Company's related parties include associates, joint ventures and key management as described below:

Related party	Relationship	Nature of Transactions
Hwange Coal Gasification Company	Joint venture company	Sale of goods
Clay Products (Private) Limited	Associate company	Sale of goods
Zimchem Refineries (Private) Limited	Associate company	Sale of goods
Executive Management	Key management personnel	Remuneration, loans and advances

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.Outstanding balances are usually settled in cash.

22.2 Related party balances and transactions

Included in the trade receivable and trade payable balances are related party balances that resulted from transactions that occurred between Hwange Colliery Company Limited and its related parties.

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Related party receivables:				
Hwange Coal Gasification Company	21 304	5 849	21 304	1 304
Clay Products (Private) Limited	-	62	-	14
Zimchem Refineries (Private) Limited	236	10	236	2
	21 540	5 921	21 540	1 32
Related party payables:				
Hwange Coal Gasification Company	4 339	19 463	4 339	4 339
Zimchem Refineries (Private) Limited	263	95	263	21
	4 602	19 558	4 602	4 360

Transactions with Hwange Coal Gasification Company (HCGC)

HCCL sells coking coal to HCGC in the ordinary course of business. During the year ended 31 December 2020, HCCL sold coking coal worth ZWL 26 325 378 (2019: ZWL 35 346 615) to HCGC.

Transactions with Clay Products (Private) Limited

HCCL sells coal and coal products to Clay Products (Private) Limited in the ordinary course of business. During the year ended 31 December 2020, HCCL sold coal products worth ZWL 3 120 819 (2019: ZWL 406 393) to Clay Products.

Transactions with Zimchem Refineries (Private) Limited

HCCL sales coal and coal products to Zimchem Refineries (Private) Limited and purchases chemicals from the associate company in the ordinary course of business. During the year ended 31 December 2020, HCCL sold coal products worth ZWL 146 520 (2019: ZWL Nil) to Zimchem Refineries.

Loans from shareholders

Included in the non-current portion of the balance relating to borrowings (note 27), are loans issued by the Government of Zimbabwe through the Ministry of Finance and Economic Development in December 2016 as part of the ongoing restructuring plan. The loan is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Government of Zimbabwe (note 27)	167 850	728 089	167 850	162 308

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Related party disclosures (Cont'd.)

22.3 Transactions with key management personnel

Key management of the Company are the executive members of HCCL's board of directors and senior management personnel. Key management personnel's remuneration includes the following expenses:

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Short-term employee benefits:				
Salaries including bonuses	291	1 307	291	291
Other benefits and allowances	464	2 082	464	464
	755	3 389	755	755
Post-employment benefits:				
Defined contribution pension plans	305	1 367	305	305
Total remuneration	1 060	4 756	1 060	1 060

23 Cash and cash equivalents

For purposes of statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts.

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Bank and cash balances	63 774	51 053	63 774	11 381
Bank overdrafts	-	-	-	-
	63 774	51 053	63 774	11 381

24 Share capital and reserves

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
24.1 Authorised				
204 000 000 Ordinary shares of ZWL0.25 each	2 244 065	2 244 065	51 000	51 000
Issued and fully paid				
110 237 432 Ordinary shares of ZWL0.25 each	1 212 647	1 212 647	27 559	27 559
5 925 699 Ordinary shares issued under share option scheme	66 620	66 620	1 514	1 514
67 557 568 ''A'' Ordinary shares of ZWL0.25 each	743 155	743 155	16 889	16 889
	2 022 422	2 022 422	45 962	45 962
24.2 Share premium				
Balance at 1 January	22 966	22 966	1	1
Movement for the year	-	-	-	-
Balance at 31 December	22 966	22 966	1	1

The share premium is as a result of employee share options exercised in 2012 and 2013.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

24 Share capital and reserves (Cont'd.)

24.3 Non-distributable reserve

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance at 1 January	191 778	191 778	4 358	4 358
Movement for the year	-	-	-	-
Balance at 31 December	191 778	191 778	4 358	4 358

The non-distributable reserve is attributable to the net effect of the restatement of assets and liabilities previously denominated in Zimbabwean dollars on 21 January 2009. The assets and liabilities were restated to the United States Dollars using the guidance issued by the Public Accountants and Auditors Board and Zimbabwe Stock Exchange in 2009.

24.4 Revaluation reserve

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Balance at 1 January	-	-	1 831 765	39 949
Movements during the year	145 015	-	6 525 660	1 791 816
Balance at 31 December	145 015	-	8 357 425	1 831 765

The movement in the revaluation reserve is attributable to the revaluation of the Company's investment properties perfomed by Messrs Capital Valuation consulatancy on 31 December 2020.

24.5 Employee share option scheme

As at 31 December 2020, the Company maintained an employee share option scheme known as the "Hwange Colliery Company Limited Share Option Scheme." The scheme is designed to attract and retain employees. Share options under this scheme are allocated annually to employees if a specified period of service has been completed. The period of service ranges from 1 to 5 years depending on the employee's grade. Upon vesting, each option allows the holder to purchase ordinary shares at a discount of 80% of the market price determined at grant date.

During the year ended 31 December 2020 no shares (2019: nil) were allocated to employees under the employee share option scheme.

24.6 Borrowing powers

In terms of the Articles of Association paragraph 60, registered with the Registrar of Companies on 21 April 1992, the total borrowing powers of the company may not, without the sanction of a General Meeting, exceed an amount equal to three (3) times the aggregate of the nominal amount of the issued and paid up capital and the capital and revenue reserves of the Company.

The Company failed to comply with the borrowing powers in accordance with the Company's Articles of Association.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 DIRECTORS' REMUNERATION

Remuneration of the Company's directors disclosed is pursuant to Section 8.63(l) of the JSE Listing requirements. The directors' remuneration for the year ended 31 December 2020 was as follows:

				INFLATION ADJUSTED		HISTORICAL COST	
	Salary ZWL'000	Retirement and medical contributions ZWL'000	Other benefits and allowances ZWL'000	2020 Total ZWL'000	2019 Total ZWL'000	2020 Total ZWL'000	2019 Total ZWL'000
Executive Director							
DR. C. Zinyemba - Acting Managing Director(Appointed November 2018)	3 303	268	1 133	11 618	11 570	4 704	565
	3 303	268	1 133	11 618	11 570	4 704	565

In accordance with the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] (No 27 of 2004), the board ceased to exist on the 26th of October 2018 when Hwange Colliery Company was placed on Administration.

26 LEASE LIABILITY

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Non-current	-	1 794	-	400
Current	-	2 365	-	527
	-	4 159	-	927
26.1 OK Zimbabwe				
Long term portion	-	1 794	-	400
Add: Short term portion	-	2 365	-	527
	-	4 159	-	927
Lease liability				
Principal	-	4 486	-	1 000
Repayment/(Finace charges capitalised)	-	(326)	-	(73)
	-	4 160	-	927

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

27 BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
27.1 Long-term loans				
Reserve Bank of Zimbabwe	4 171	-	4 171	-
Government of Zimbabwe	167 850	728 089	167 850	162 308
Zimbabwe Asset Management Corporation (ZAMCO)	15 475	77 985	15 475	17 385
	187 496	806 074	187 496	179 693
	187 496	806 074	187 496	-
27.2 Short-term loans				
Loinette	39 365	-	39 365	-
CBZ	57 444	-	57 444	-
Pick n Pay	53 222	-	53 222	-
	150 031	-	150 031	-

27.3 Borrowing terms

Export Import Bank of India (EXIM)

This is a USD 13 005 760 (principal and interest) loan guaranteed by the Reserve Bank of Zimbabwe, taken for the purposes of financing the purchase of coal mining equipment. Interest is charged at a rate of LIBOR + 3.5 % p.a. The Governement of Zimbabwe took over the loan in February 2019.

Government of Zimbabwe

As part of the ongoing restructuring plan, the Government of Zimbabwe through the Ministry of Finance and Economic Development issued treasury bills of USD 41 million and USD 18.216 million in settlement of the Mota Engil and RBZ/PTA Bank loan, respectively. The Government of Zimbabwe has agreed that the Government support be treated as a loan payable over 15 years with a 7% interest per annum in accordance with the provisions of the scheme of arrangement.

An additional USD 52.3 million worth of treasury bills were issued towards the Scheme of Arrangement bringing the total support from the Government of Zimbabwe to USD 111.5 million worth of treasury bills, as approved by the Ministry of Finance and Economic Development.

27.3 Borrowing terms

Zimbabwe Asset Management Corporation (ZAMCO)

Zimbabwe Asset Management Corporation (ZAMCO) took over USD 16 201 625 (principal and interest) outstanding on the BancABC loan on 1 September 2015 in a debt restructuring exercise. However, this amount was converted through the scheme of arrangement to a debenture amounting to USD 15 571 475 from 14 December 2017. The interest is charged on the debenture at the rate of 7% per annum on the daily debit balance and compounded semi annually. The maturity date for the debenture is 14 December 2025.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 TRADE AND OTHER PAYABLES- LONG TERM

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Trade	1 835 774	2 086 405	1 835 774	465 107
Other	-	374 648	-	83 518
	1 835 774	2 461 053	1 835 774	548 625
Trade and other payables-Current				
Trade	482 721	470 488	482 721	104 883
Other	341 338	321 026	341 338	71 564
	824 059	791 514	824 059	176 447

29 INCOME TAX LIABILITY

Balance at 1 January	10 055	45 105	10 055	10 055
Movement	-	-	-	-
Balance at 31 December	10 055	45 105	10 055	10 055

30 PROVISIONS

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Provision for rehabilitation (note 30.1)	181 870	58 627	181 870	13 069
Other provisions (note 30.2)	127 108	56 430	127 108	12 579
	308 978	115 057	308 978	25 648

30.1 Provision for rehabilitation

At 1 January	13 070	38 954	13 070	8 684
Charged to profit or loss:		-		-
Additional provisions made during the year	168 800	19 673	168 800	4 386
Amounts used during the year	-	-	-	-
At 31 December	181 870	58 627	181 870	13 070

The Company has an obligation to undertake rehabilitation and restoration when environmental disturbance is caused by the ongoing mining activities. The provision for rehabilitation costs recognised in these financial statements relates to previously mined areas.

The rehabilitation provision included in the financial statements is an estimate of the cost that will be incurred for the rehabilitation and restoration of the environment. The Directors are aware of the Company's responsibility for the rehabilitation and restoration of the environment and have come up with an estimate of the costs that would be incurred to rehabilitate and restore the mined areas.

30.2 Other provisions

	INFLATION ADJUSTED		HISTORICAL COST	
	2020 ZWL'000	2019 ZWL'000	2020 ZWL'000	2019 ZWL'000
Death benefits	15 224	21 985	15 224	4 901
Leave pay and bonus provisions	111 884	34 444	111 884	7 678
	127 108	56 429	127 108	12 579

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

31 FAIR VALUE MEASUREMENT

31.3 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2020:

INFLATION ADJUSTED

31 December 2020	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Total ZWL'000
Investment property				
Land situated in Harare with an administration building	327 160	-	-	327 160
Land situated in Bulawayo with an administration building	106 327	-	-	106 327
Land situated in Bulawayo with a residential building	4 907	-	-	4 907
Land situated in Bulawayo with a residential building	3 681	-	-	3 681
	442 075	-	-	442 075

31 December 2019	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Total ZWL'000
Investment property:				
Land situated in Harare with an administration building	270 820	-	-	270 820
Land situated in Bulawayo with an administration building	82 751	-	-	82 751
Land situated in Bulawayo with a residential building	3 761	-	-	3 761
Land situated in Bulawayo with a residential building	3 009	-	-	3 009
	360 341	-	-	360 341

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2020:

HISTORICAL COST

31 December 2020	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Total ZWL'000
Investment property:				
Land situated in Harare with an administration building	327 160	-	-	327 160
Land situated in Bulawayo with an administration building	106 327	-	-	106 327
Land situated in Bulawayo with a residential building	4 907	-	-	4 907
Land situated in Bulawayo with a residential building	3 681	-	-	3 681
	442 075	-	-	442 075

31 December 2019	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Total ZWL'000
Investment property:				
Land situated in Harare with an administration building	270 820	-	-	270 820
Land situated in Bulawayo with an administration building	82 751	-	-	82 751
Land situated in Bulawayo with a residential building	3 761	-	-	3 761
Land situated in Bulawayo with a residential building	3 009	-	-	3 009
	360 341	-	-	360 341

The investment properties were valued on 31 December 2019 by Messrs Capital Valuation, an independent, professionally qualified valuer. The fair value was determined based on current prices in an active market for similar property in the same location and condition. A fair value gain of ZWL 361 746 650 was realised in 2020 as a result of the independent valuation exercise. Management determined that the effect of changes in fair values between the valuation report date and reporting date is immaterial.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

32 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

32.1 Accounting judgements

Current and deferred tax

The Company is subject to income tax; significant judgment is required in determining the provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax assessment based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Where the actual final outcome (on the judgment areas) differs from management estimates, the Company will need to increase the income and deferred tax liability if unfavourable or decrease the income and deferred tax liability if favourable.

32.2 Accounting estimates and assumptions

The Company makes 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:

Property, plant and equipment.

Items of property, plant and equipment are depreciated over their estimated useful lives taking into account residual values where appropriate. The useful lives and the residual values are re-assessed annually and may vary due to factors such as technological innovation and maintenance programmes in place.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

33 GOING CONCERN

The Company is experiencing the following challenges which have an effect on its ability to continue operating as a going concern:

33.1 Net current position

As at 31 December 2020, the Company's total current liabilities exceeded total current assets resulting in a negative current position of ZWL 140 160 578. This means that the company is unable to settle its short term obligations as they fall due.

33.2 Low machine availability

The Company experienced low machine availability mainly as a result of technical challenges faced in operating the equipment and indaquate working capital.

In view of the above, the Administrator has assessed the ability of the Company to continue to operate as a going concern and are of the view that the preparation of these financial statements on a going concern basis is appropriate as supported by the following plans which are intended to address these challenges:

Hwange Colliery Company in its 2nd year under reconstruction in terms section 4 of the reconstruction of State-Indebted Insolvent Companies Act (chapter 24:27). This was done to rescue the company from the current difficulties which resulted in liabilities of the company exceeding assets which is technical insolvent.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

33 GOING CONCERN (Cont'd.)

33.2 Low machine availability (Cont'd.)

This is expected to continue giving a cushioning Effect from litigations on legacy debts to try and give the company a chance to overcome the bottlenecks which were centered on poor production and sales volumes.

In 2019 the administration team together with management managed to stabilize the operations of the company and also managed to plug all the leakages that were bleeding the company. The company's survival strategy for 2019 was to be centered on own production which was going to be driven by the recapitalization programme which was put in place and saw the company receiving two state of the art lieberr excavators, two electric pumps and a bus for the employees . The equipment was however delivered much later than expected which affected the plans for 2019. After commissioning the equipment we however discovered that there was also need to sort out the haulage capacity and also there was need for a major repair work on the continuous miner.

Comprehensive production and sales plan

The company has put a plan in place to sort out the haulage capacity, the washing capacity as well as undertaking the major repairs on the continuous miner. This will ensure that the company achieves the comprehensive production and sales plan which will be driven by own mining at 3 Main underground mine and JKL opencast mine as well as the contractor at Chaba. This plan will see 3 Main producing an average of 30 000 MT per month of high value coking coal from April to July 2020 and will increase production to 35 000 MT from August to December 2020. JKL operation will produce an average of 80 000 MT per month in the first half of 2020 and increase the volumes to 100 000 in the 2nd half of the year. The production mix will be 50% power coal and 50% high value coking coal. The mining contractor is also expected to produce 100 000 MT per month as from March 2020. The mix will be 50% industrial coal and 50% power coal. This production plan will see the company shifting away from the traditional approach of over relying more on the contractor capacity.

The sales plan will be driven by the sale of high value coking coal to mainly coke batteries and industry. The company has capacity and market to produce and sell a minimum of 45 000 MT of coking coal locally. The company is still pursuing the efforts of penetrating the Southern Africa market which has potential for 30 000 MT of coking coal and will bring in the much needed foreign currency. The company is currently putting in place a mechanism to raise significant amounts of foreign currency from both exports and domestic sales. The foreign currency will be used to fund working capital and capital projects that are required to increase production to 135 000 MT for HCCL's own mining.

The key projects that are expected to stabilize production to the planned level of 135 000 MT for HCCL own mining include the acquisition of 54 tires, a bulldozer and a grader for opencast, increasing the washing capacity for Met Ops and acquisition of a new LHD for 3 Main. There is also a plan to open up a second section for the underground mine. The projects will be funded mainly from the internally generated resources through the sale of coking coal and industrial coal mainly from the Chaba mine.

Cost control and working capital management strategies

The company will also continue with the already implemented tight cost control and working capital management system which is allocating most of the cash resources towards the operations requirements. This will ensure that the company will only spend what they have generated. This will be achieved by ensuring that most customers will be paying upfront on all their orders and also paying most creditors upfront. This will stop the ballooning of liabilities which has pushed the company into negative net current assets position.

Continuing with the scheme of arrangement

The company will continue with the scheme of arrangement agreed payment plan to creditors although the time lines maybe are adjusted a bit through engagements with all the creditors.

The above strategy will see the company maintain the operating profit made in 2019 and start moving towards reversing the negative net current assets position.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

34 FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2020

	Loans and receivables ZWL'000	Total ZWL'000
Assets as per statement of financial position		
Trade and other receivables	520 728	520 728
Cash and cash equivalents	63 774	63 774
Total	584 502	584 502

	Other financial liabilities at amortised cost ZWL'000	Total ZWL'000
Liabilities as per statement of financial position		
Borrowings (excluding finance lease liabilities)	337 527	337 527
Finance lease liabilities		
Trade and other payables	824 059	824 059
Total	1 161 586	1 161 586

31 December 2019

	Loans and receivables ZWL'000	Total ZWL'000
Assets as per statement of financial position		
Trade and other receivables	125 400	125 400
Cash and cash equivalents	11 381	11 381
Total	136 781	136 781

	Other financial liabilities at amortised cost ZWL'000	Total ZWL'000
Liabilities as per statement of financial position		
Borrowings (excluding finance lease liabilities)	179 692	179 692
Finance lease liabilities	927	927
Trade and other payables	176 447	176 447
Total	357 066	357 066

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise finance lease liabilities, loans payable, bank overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short term deposits, which arise directly from its operations. Exposure to credit, interest rate and currency risk arises in the normal course of Company's business and these are main risks arising from the Company`s financial instruments.

The Administrator reviews and agrees policies for managing each of these risks which are summarised below:

35.3 Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company assumes foreign credit risk only on customers approved by the Administrator and follows credit review procedures for local credit customers.

Investments are allowed only in liquid securities and only with approved financial institutions. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the statement of financial position.

35.4 Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long and short term debt obligations and bank overdrafts. The Company's policy is to manage its interest cost using fixed rate debts.

35.5 Currency risk

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the Zimbabwean Dollar. The currency giving rise to this risk is primarily the South African Rand.

In respect of all monetary assets and liabilities held in currencies other than the Zimbabwean Dollar, the Company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Company's exposure to foreign currency changes is not significant.

35.6 Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was not adequately met for the reporting periods. Funding for long-term liquidity needs is not readily available on the market due to tight liquidity on the local and regional financial markets.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables do not exceed the current cash outflow requirements. Cash flows from trade and other receivables are all collectible within six months and trade and other payables are contractually due within six months.

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

35.6 Liquidity risk (Cont'd.)

The table below summarises the maturity profile of the Company's financial liabilities at the year end based on contractual undiscounted payments.

	CURRENT 1 to 5 years ZWL'000	NON-CURRENT Later than 5 years ZWL'000
At 31 December 2020		
Trade and other payables	824 059	1 835 774
Finance lease liabilities		
Loans payable	150 031	187 496
	974 090	2 023 270
At 31 December 2018		
Trade and other payables	176 447	548 625
Finance lease liabilities	527	400
Loans payable	-	179 693
	176 974	728 718

The Company's capital management objectives are designed to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Company monitors capital on the basis of the carrying amount of debt finance as a portion of the Company's total debt plus equity finance as presented on the face of the statement of financial position. Management's goal in capital management is to maintain a debt capital-to-overall financing ratio of 1 : 2. This is in line with the Company's covenants resulting from the debt finances it has taken out.

The Company sets the amount of debt capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

36 Capital for the reporting period under review is summarised as follows:

	2020 ZWL'000	2019 ZWL'000
Debt capital	337 527	180 620
Equity capital	7 240 444	1 354 518
Debt capital	337 527	180 620
Overall financing (debt + equity)	7 577 971	1 535 138
Debt capital-to-overall financing ratio	4%	12%

Notes To The Financial Statements (Cont'd.)

FOR THE YEAR ENDED 31 DECEMBER 2020

37 CONTINGENT LIABILITIES

37.3 Significant litigation cases

There were no significant litigation cases pending against the Company as at year end.

38 FAIR VALUE DETERMINATION OF TRANSACTIONS, ASSETS AND LIABILITIES

The determination of fair values presented in the financial statements is affected by the prevailing economic environment. During the course of the year the Company traded in both local ZWL$ and in foreign currency. The official rate between the US dollar and ZWL$ balances was pegged officially at 1:1 for the two months (January & February of 2019). On 20 February the government of Zimbabwean promalgated SI 33 of 2019 which prescribed the ZWL$ as the sole currency of reference. The Company adopted the ZWL$ as the reporting currency effective 1 March 2019. Transactions completed for the period January and February 2019 were not restated as they were transalated at the prevailing exchange of 1:1.

39 ADMINISTRATION

The Government on the 17th of October 2020 granted a reconstruction order for Hwange Colliery Company Limited under the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] (No 27 of 2004)

39.3 The following were appointed:

Mr. Dale Situtu Sibanda	Administrator
Ms. Mutsa Mollie Jean Remba	Assistant Administrator
Mr. Munashe Shava	Assistant Administrator

40 COVID-19

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Five Year Record

FOR THE YEAR ENDED 31 DECEMBER 2020

	12 Months December 2020	12 Months December 2019	12 Months December 2018	12 months December 2017	12 Months December 2016
SHARE PERFORMANCE					
Shares in issue	183 720 699	183 720 699	183 720 699	183 720 699	183 720 699
Net asset value per share (cents)	3 941.01	737.27	55.76	86.88	(48.12)
Loss per share (cents)	(0.50)	(0.50)	(0.43)	(0.24)	(0.63)
Share price at 31 December (cents)	-	-	-	3	3
Number of shareholders	4 332	4 332	4 332	4 332	4 332
Results					
Turnover ($ZWL)	3 050 638 037	422 227 974	69 144 019	54 497 858	39 911 465
Profit/(Loss) after tax ($ZWL)	(639 733 724)	(91 109 521)	(78 442 683)	(43 837 740)	(89 909 990)
Sales					
Coal tonnes	1 344 109	1 220 698	1 523 619	1 274 707	910 105
Coke tonnes	3 679	44	263	13 779	3 293
Tar - kgs					
Benzole products - litres					
Coke oven gas - normal cubic metres					
Financial ratios					
Issued share capital ($US)	45 962 789	45 962 789	45 962 789	45 962 789	45 962 789
Total reserves ($US)	7 194 482 047	1 308 553 424	(335 987 434)	(257 544 751)	(214 284 967)
Shareholders' equity ($US)	7 240 022 395	1 354 516 213	(290 024 645)	(211 581 962)	(167 744 222)
Deferred taxation ($US)	2 211 454 328	509 753 956			
Long term liabilities ($US)	4 244 779 245	1 248 526 152	392 459 413	371 194 538	79 334 350
Current assets to current liabilities	0.89:1	1.13:1	0.89:1	1.62:1	0.12:1
Acid test (current assets excluding stock to current liabilities)	0.46:1	0.69:1	0.59:1	0.59:1	1.04:1
Long and medium term liabilities as a percentage of shareholders' equity (%)	59%	92%	135%	175%	47%
Number of employees	1 997	2 022	2 043	2 043	2 035

Top 20 Shareholders

FOR THE YEAR ENDED 31 DECEMBER 2020

RANK	NAMES	TAX	INDUSTRY	SHARES	PERCENTAGE
1	GOVERNMENT OF ZIMBABWE	GOV	GOV	67 555 968	36.77
2	MESSINA INVESTMENTS LIMITED (NNR)	FC	FC	30 510 331	16.61
3	MITTAL STEEL AFRICAN INVESTMENTS	FC	FC	17 777 034	9.68
4	LONDON REGISTER	NNR	NNR	12 516 576	6.81
5	NATIONAL SOCIAL SECURITY AUTHORITY	PF	PF	11 445 761	6.23
6	HAMILTON & HAMILTON TRUSTEES LTD-NNR	FC	FC	9 415 970	5.13
7	JOHANNESBURG REGISTER	NNR	NNR	3 316 258	1.81
8	MR NICHOLAS RHODES HAMILTON-NNR	NNR	NNR	2 865 346	1.56
9	LOCAL AUTHORITIES PENSION FUND	PF	PF	1 854 571	1.01
10	STANBIC NOMINEES (PVT) LTD	LC	LN	1 260 852	0.69
11	TANRANGE INVESTMENTS (PVT) LTD	LR	LC	1 035 332	0.56
12	GURAMATUNHU FAMILY TRUST	LR	INV	1 008 458	0.55
13	ALEXANDER SETH HAMILTON	LR	LR	1 000 000	0.54
14	EUGENIE BRITANNIA HAMILTON	LR	LR	1 000 000	0.54
15	MAXMILIAN RHETT HAMILTON	LR	LR	1 000 000	0.54
16	ORRIE LINCOLN HAMILTON	LR	LR	1 000 000	0.54
17	RICHMOND LOUIS HAMILTON	LC	LR	1 000 000	0.54
18	NEPSON MOYO	TR	LR	749 884	0.41
19	TANVEST PRIVATE LIMITED	PF	LC	689 616	0.38
20	THOMPSON KAMBA	LR	LR	500 796	0.27
	Selected Shares			167 502 753	91.17
	Non - Selected Shares			16 217 946	8.83
	Issued Shares			183 720 699	100.00

The Company's Listing on the Zimbabwe Stock Exchange was suspended on 2 November 2018 and remains suspended.

Notes