



National Tyre Services Limited

National Tyre Services Limited

Annual Report 2023

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DIRECTORATE AND ADMINISTRATION

DIRECTORS:	Mr. R.J. Moyo	(Independent Non-Executive - Chairman)
	Mr. S. Shonhiwa	(Independent Non-Executive)
	Ms. D. Mashingaidze	(Independent Non-Executive)
	Ms. V. Masunda	(Independent Non-Executive)
	Mr. M.T Chingwena	(Non-Executive)
	Mr. B.P.H. Samudzimu	(Managing Director)
	Mr. A.S. Ushe	(Commercial Director)
	Mr. S.N Mandimika	(Administration Director)

REGISTERED OFFICE: Stand No. 4608
Corner Cripps and Seke
Roads Graniteside
P.O. Box 3018
HARARE

AUDITORS: Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Camelsa Business Park
135 Enterprise Road Highlands
HARARE

MAIN BANKERS: FBC Bank Limited
Stanbic Bank Zimbabwe Limited
Standard Chartered Bank Limited
Nedbank Zimbabwe Limited
Steward Bank Limited
ZB Bank Limited
CABS
CBZ Bank Limited
POSB Bank Limited

LAWYERS: Messrs. Atherstone & Cook
119 Josiah Chinamano Avenue
P.O Box 2625
Harare



OUR PRODUCTS, BRANDS AND SERVICES

NEW TYRES-The Company supplies a wide range of new tyres of Passenger tyres, Light Truck, Truck and Bus, Off-the-Road and Agric tyres on Premium and Budget sizes.

RETREADING- offers retreading for Light Truck and Truck and Bus Radial tyres. Retreading quality remains unmatched given the rich technical experience that the Company has accumulated over the years.

SERVICES - 3D computerized wheel alignment, fitting, and balancing Accessories- all tyre accessories, tubes, flaps, and factory repairs.

SUPPORT SERVICES -tyre management solutions, tyre knowledge trainings, out of service tyre analysis, fleet surveys, route, and load studies

Tyre brands include the following:



A key component of the Company's business is retreading. The main retreading factory is in Harare, complemented by our Bulawayo factory.

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

ECONOMIC OVERVIEW

The last reporting period continued to be characterized by numerous macro-economic challenges. During the financial year 2022-2023, the industry faced persistent increases in prices of goods and services as well as loss of value of the local currency as unsustainable interest rates continued to destroy value. At the customer and consumer end, disposable income was eroded by hyper-inflation and the exchange rate disparities, which affected aggregate demand in the economy. The depressed electricity generation capacity experienced during the year negatively affected service delivery and increased industry production costs. The improvements in overall agricultural production in the last farming season, particularly for staple grains will preserve much needed foreign currency and positively impact growth.

OPERATIONS REVIEW

The availability of Dunlop tyres was instrumental in us retaining our large corporate customer base during the year. As a result, premium sales in units increased by 14% over prior year. National Tyre Services ('NTS') remains viable as the competitive space continues to be crowded by new entrants across the country. The budget brands segment was impacted by the restricted access to foreign currency which in turn affected product availability.

Retreading performance declined during the year, as the Company managed to maintain presence in key retreading fleets. NTS capability and capacity for excellent products and service in retreading continues to be preferred by the market. Management continued to review business operations throughout the year to enhance overall performance and strengthen NTS' competitive advantage. NTS also widened the range of suppliers and revamped supply chain management to effectively manage costs and position the business appropriately for the future.

FINANCIAL REVIEW

Sales revenue grew by 21% (inflation adjusted) to ZWL4,332 billion (2022: ZWL3,579 billion) due to the continued implementation of the turnaround strategy. Gross profit decreased by 8% to ZWL2,462 billion (2022: ZWL2,686 billion) as the cost of sales increased due to higher costs of imported products. Total operating expenses were maintained at prior levels (inflation adjusted) at ZWL2,170 billion (2022: ZWL2,181 billion) due to cost containment measures implemented by your Management. The Company incurred a loss (before tax) of ZWL427 million (inflation adjusted) from a profit of ZWL1 187 billion in the previous year.

DIVIDEND

The Directors have considered it prudent not to declare a dividend in view of the need to restore working capital to adequate levels to support the business.

OUTLOOK

The monetary measures being implemented by the Government to stabilize the local currency are bearing fruit given that the local currency is firming against the US Dollar. Foreign currency exchange rates are stabilizing on parallel and auction markets. We are cautiously optimistic of continued stability in exchange rates, which will aid planning and business growth. Industry is expecting that the current stability in power generation will continue to minimize production disruptions. We are projecting increased demand for tyres and related product & services pick-up in the buildup to general elections and the upcoming agricultural season. To capitalize on the obtaining environment, NTS will continue to focus on cost containment and enhanced market outreach programs to increase the inventory turnover ratio and improved profitability.



R. J. Moyo
Chairman



B. P. H. Samudzimu
Managing Director

31 July 2023

CORPORATE GOVERNANCE STATEMENT

GENERAL OVERVIEW

National Tyre Services Limited is committed to corporate governance which endorses a culture of good business ethics, openness, transparency, integrity and accountability in its dealings with all its stakeholders.

BOARD OF DIRECTORS

The majority of Board members are non-executive Directors with an independent non-executive Director as its Chairman. Board meetings were held four times as scheduled during the year to discuss and map strategies and objectives of the Company. The Board continued in its key role of determining the Company's strategic direction and responsibility for the continued control and management of the Company. To achieve this, the Board established two committees to give detailed attention to each specific area. These are the Audit and Risk Committee, and the Human Resources and Nomination Committee.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprised of non-executive Directors met four times during the year prior to the Board meetings to consider compliance with financial reporting requirements, accounting policies, effectiveness of internal control systems, reviewing of financial reports, reviewing of the scope of internal and external audits, ensuring compliance with the country's legal framework and risk management issues. Any major issues arising from these meetings were brought to the attention of the Board. Meetings were held with internal and independent auditors in order to ensure that internal controls were effective and reliable.

HUMAN RESOURCES AND NOMINATION COMMITTEE

The Human Resources and Nomination Committee comprised of three non-executive Directors met four times during the year. The Committee assists the Board of Directors to exercise effective oversight on management and optimization of human capital in the Company.

BUSINESS ETHICS

Directors and employees are committed to high ethical standards and to conduct the Company's business honestly, scrupulously and with integrity. At the core of the Company's business ethics are values of integrity, reliability, customer centric, continual growth, learning, teamwork, leadership and safety. These are used to guide and direct the way the Company's business is done.

In addition, there is a requirement not to engage in business dealings or transactions which could give rise to conflict of interest. For transparency, dispute resolution, operational efficiency and other related attributes, there is a registered code of conduct for employees' guidance.

RISK MANAGEMENT

Evaluation of significant business risks and the implementation of appropriate mitigatory action to address these risks were periodically undertaken by management. These were reported through the Audit and Risk Committee at its regular meetings for consideration, review and guidance in order to ensure that strategies and plans remain on course.

CORPORATE GOVERNANCE STATEMENT (cont'd)

BOARD COMMITTEES AND BOARD ATTENDANCE REGISTER

The table below outlines the Board and Committee members' attendance to meetings during the year ended 31 March 2023:

	Main Board	Audit & Risk Committee	Human Resources & Nomination Committee	AGM
R.J. Moyo (Chairman -Independent Non-Executive)	4	n/a	n/a	1
*S. Shonhiwa (Independent Non-Executive)	4	1	4	1
M.T. Chingwena (Non-Executive)	4	n/a	4	1
V. Masunda (Independent Non-Executive)	4	4	n/a	1
D. Mashingaidze (Independent Non-Executive)	3	3	3	1
B.P.H. Samudzimu (Executive)	4	n/a	n/a	1
A.S. Ushe (Executive)	4	n/a	n/a	1
S.N. Mandimika (Executive)	4	n/a	na/	1

*Note 1: S. Shonhiwa was appointed as a member of the Audit & Risk Committee on 9 March 2023.

**Note2: n/a means not applicable.

HEALTH AND SAFETY ISSUES

We consider health and safety in our workplace critical to all our operations. Any health and safety related incidences are treated seriously and receive necessary attention. Regular inspections are conducted to ensure that safety measures are in place at all times and appropriate training is conducted to ensure that all employees are aware of health and safety issues.

STAKEHOLDER ENGAGEMENT

Our stakeholders who include our employees, customers, suppliers, regulators, society, shareholders, investors, various government ministries and agencies are regarded as partners in the business. Stakeholder engagement is a day-to-day operation and the responsibility of all employees and management within the Company. In keeping with our corporate strategy, we try our best to give attention to material issues raised by our stakeholders whether they are economic, environmental or social issues.

The Company seeks to continuously comply with national, industrial and trade regulations.

ENVIRONMENTAL MANAGEMENT

In pursuit of our mission to enhance value for all stakeholders by providing tyre management solutions in our chosen markets through quality products, innovative technologies and systems, we believe that protecting the environment is part of sound business practice, which contributes towards sustainable business development. We recognize that some of our activities, products and services may have negative impacts on the environment. In mitigating these, we commit ourselves to:

- Comply with all the applicable laws, regulations and other requirements.
- Continual review of our activities, products and services in order to improve environmental performance and prevent pollution particularly from oils, heat, buffing dust and waste.
- Efficiently utilize raw materials and energy and minimize waste.
- Establish environmental objectives and targets, at appropriate levels, and periodically review them to ensure adequate pollution prevention.
- Identify employees, contractors and sub-contractors training needs and train them to achieve awareness and personal responsibility.
- Regularly review and openly communicate this policy to employees, customers and other stakeholders.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Annual Report and the Audited Inflation Adjusted Financial Statements of the Company for the financial year ended 31 March 2023.

FINANCIAL YEAR-END RESULTS

Total comprehensive income for the year attributable to shareholders amounted to ZWL5 368 billion (2022: zwl4 244 billion). In historical terms the amount was ZWL10 063 billion (2022: ZWL778 million).

SHARE CAPITAL

The authorized share capital of the Company was ZWL40 000 made up of 400 000 000 ordinary shares of ZWL0.0001 each while the issued share capital was ZWL4 747 306 (historical: ZWL25 387) made up of 253 872 420 ordinary shares of ZWL0.0001 each. There was no change in the authorized share capital from prior year.

RESERVES

The movement in the reserves of the Company are shown in the Statement of Changes in Equity and Notes to the financial statements.

DIRECTORS

In a sad development, Mr. B.V. Mancama, who was an Independent Non-Executive Director, died on 7 June 2022. Mr. Mancama was a long-standing member of the Board who served the Company well for several years.

There were no other changes to the Board of Directors during the financial year.

INDEPENDENT AUDITOR

Members will be requested to consider and if deemed fit, to approve the independent auditor's fees for the past financial year and to re-appoint Grant Thornton Chartered Accountants (Zimbabwe) as independent auditor of the Company for the ensuing year.

ANNUAL GENERAL MEETING

The sixty-first Annual General Meeting of the Company will be held at 14:15 hours on 27 September 2023.

By Order of the Board



R. J. Moyo
Chairman



B. P. H. Samudzimu
Managing Director

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

It is the Directors' 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 Directors have assessed the ability of the Company to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe 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 (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

The Conceptual Framework for Financial Reporting requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires a company to apply certain parameters in determining the functional currency of a company for use in the preparation of its financial statements. This standard also requires a company to make certain judgments, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

The requirement to comply with Statutory Instrument (S.I) 33 of 2019 as enacted by the Finance Act No. 2 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the Conceptual Framework for Financial Reporting. This has resulted in the adoption of the accounting treatment in the prior year's financial statements, which deviates from that which would have been applied if the Company had been able to fully comply with IFRS.

The Directors carried out an assessment of the impact of liquidity constraints and foreign currency shortages on the Company's operations and income streams and came to a conclusion that the impact is not material to affect the ability of the Company to continue as a going concern for the twelve months ended 31 March 2023.

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 Directors have been addressed and the Directors confirm 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 14 to 38 were, in accordance with their responsibilities, approved by the Board of Directors on 31 July 2023 and are signed on its behalf by:

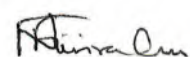


R.J. Moyo
Chairman



B.P.H. Samudzimu
Managing Director

These financial statements were prepared under the supervision of:



N. F. Tirivanhu
Registered Public Accountant Finance Executive

QUALIFIED OPINION

We have audited the inflation adjusted financial statements of National Tyre Services Limited, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of the Company's significant accounting policies.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted financial statements present fairly, in all material respects, the financial position of National Tyre Services Limited as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR QUALIFIED OPINION

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates in the current and prior financial years, International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors

During the prior financial years, the foreign currency transactions and balances of the Company were translated into Zimbabwe Dollars (ZWL) using foreign exchange rates which were not considered appropriate spot rates. As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year inflation adjusted financial statements in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, some comparative numbers in the inflation adjusted financial statements may be misstated. Our opinion on the current year inflation adjusted financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21 and the non-restatement of the comparative figures in accordance with IAS 8, the retained earnings may contain misstatements.

TRANSLATION OF FOREIGN DENOMINATED INVENTORY BALANCES

During the current financial year, the company translated the foreign denominated inventory balances using internally generated exchange rates. The internally generated exchange rates were not considered appropriate spot rates for translations as required by IAS 21. This non-compliance with IAS 21 impacted inventory, trade and other payables, and cost of sales in the inflation adjusted financial statements for the year ended 31 March 2023.

The effects of the above non-compliance with IAS 21 were considered to be material but not pervasive to the financial statements.

Valuation of investment property and owner-occupied property

The determination of fair values for assets presented in the inflation adjusted financial statements is affected by the prevailing economic environment. These inflation adjusted financial statements include the investment property and owner-occupied property that is carried at revalued amounts. The valuation of the investment property and owner-occupied property was performed by professional valuers as at 31 March 2023. The investment property and owner-occupied property valuations were determined in USD and then translated to Zimbabwe Dollars (ZWL) using the interbank exchange rate.

Although the determined USD values reflected the fair value of the property and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items of property in Zimbabwe Dollars (ZWL).

INDEPENDENT AUDITOR'S REPORT - (cont'd)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted financial statements of the current year. These matters were addressed in the context of our audit of the inflation adjusted financial statements as a whole and we did not provide a separate opinion on these matters. The key audit matters noted below relate to the inflation adjusted financial statements:

Key Audit Matter	How our audit addressed the Key Audit Matter
IFRS 15 - Revenue from Contracts with Customers There is a presumed risk of inappropriate revenue recognition specifically identified in ISA 240 (R), 'The auditor's responsibility to consider fraud of financial statements'. There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Company. This is a significant risk and accordingly a key audit matter.	Our audit procedures included the following: Reviewed that the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Tested the design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • We identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • Furthermore, we performed analytical procedures and assessed the reasonableness of explanation provided by management. • Performed cut-off tests on year end balances to ensure revenue is recognized in the correct period. • Inspected reversals and credit memos performed in the period subsequent to year-end and establish if they were for valid revenue transactions. • Based on the audit work performed, we satisfied ourselves that the Company's revenue recognition is appropriate and in compliance with the requirements of IFRS 15 - Revenue from Contracts with Customers.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' report', 'Corporate governance', 'Chairman's report', and 'Chief Executive Officers' report', which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon. Our opinion on the inflation adjusted 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 inflation adjusted financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the inflation adjusted 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 INFLATION ADJUSTED FINANCIAL STATEMENTS

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

In preparing the inflation adjusted 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.

INDEPENDENT AUDITOR'S REPORT - (cont'd)

OTHER INFORMATION (continued)

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS

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

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

We also:

- Identify and assess the risks of material misstatement of the inflation adjusted 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 inflation adjusted 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 inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted 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 inflation adjusted financial statements. We are responsible for the direction, supervision and performance of Company's 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

INDEPENDENT AUDITOR'S REPORT - (cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS9 (continued)

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the inflation adjusted 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 effects of the matters described in the Basis for Qualified Opinion, the inflation adjusted financial statements have been properly prepared, in all material respects in accordance with the requirements of the Companies and Other Business Entities Act (Chapter24:31).

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



Farai Chibisa
Partner
Registered Public Auditor (PAAB No: 0547)
Grant Thornton
Chartered Accountants (Zimbabwe) Registered Public Auditors
HARARE

3 August 2023

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

		Inflation adjusted		Historical cost	
		2023	2022	2023	2022
	Notes	ZWL	ZWL	ZWL	ZWL
Assets					
Non-current assets					
Property, plant and equipment	4	10 987 345 618	5 075 637 994	10 688 500 884	818 375 360
Intangible assets	5	19 948 565	21 190 987	3 443 301	2 366 372
Investment property	6	1 784 402 741	708 178 790	1 784 402 741	140 104 166
Investments	7	2 384 168	1 704 495	2 384 168	339 953
Right of use asset	8	349 348 542	293 538 354	53 514 926	2 653 133
		13 143 429 634	6 100 250 620	12 532 246 020	963 838 984
Current assets					
Inventories	9	1 113 074 379	1 302 818 523	1 102 859 142	324 979 396
Trade and other receivables	10	243 954 382	45 737 368	242 580 983	15 178 295
Bank and cash balances	22	35 201 234	37 376 054	35 201 234	12 769 750
		1 392 229 995	1 385 931 945	1 380 641 359	352 927 441
Total assets		14 535 659 629	7 486 182 565	13 912 887 379	1 316 766 425
Equity and liabilities					
Equity					
Share capital	13	4 747 305	4 747 305	25 387	25 387
Share premium		4 272 137	4 272 137	22 846	22 846
Available for sale reserve		(8 828 791)	(9 508 463)	2 360 356	316 141
Revaluation reserve		9 980 328 405	4 035 463 950	10 600 498 817	798 365 213
Retained earnings		776 609 857	1 353 823 008	293 622 643	33 958 531
		10 757 128 913	5 388 797 937	10 896 530 049	832 688 118
Non-current liabilities					
Deferred tax	14	1 308 071 527	1 168 845 018	545 898 141	166 837 251
Lease liabilities	8	180 916 785	33 554 686	180 916 785	11 464 157
		1 488 988 312	1 202 399 704	726 814 926	178 301 408
Current liabilities					
Trade and other payables	16	1 266 398 451	437 208 374	1 266 398 451	149 374 830
Corporate tax payable	16	4 424 904	25 840 714	4 424 904	8 828 633
Short-term borrowings	15.1	1 018 719 049	431 935 836	1 018 719 049	147 573 436
		2 289 542 404	894 984 924	2 289 542 404	305 776 899
Total liabilities		3 778 530 716	2 097 384 630	3 016 357 330	484 078 307
Total equity and liabilities		14 535 659 629	7 486 182 565	13 912 887 379	1 316 766 425



R. J. Moyo
Chairman



B. P. H. Samudzimu
Managing Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

		Inflation adjusted		Historical cost	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
	Notes				
Revenue	17	4 332 095 482	3 579 633 832	3 637 038 411	921 085 289
Cost of sales		(1 870 067 197)	(893 149 812)	(1 575 673 605)	(320 383 464)
Gross profit		2 462 028 285	2 686 484 020	2 061 364 806	600 701 825
Other income	18	115 733 727	54 203 803	102 094 751	14 357 124
Exchange (loss)		(1 172 055 428)	-	(928 191 947)	-
Fair value adjustments on investment property		1 076 223 951	692 962 926	1 644 298 575	139 266 675
Operating expenses	12	(2 170 268 620)	(1 975 528 830)	(1 733 381 650)	(520 866 888)
Profit from operations		311 661 915	1 458 121 919	1 146 184 535	233 458 736
Net finance costs		(547 384 219)	(270 133 184)	(497 177 336)	(74 494 613)
Monetary gain/(loss)		(1 191 982 142)	(124 722)	-	-
Profit before tax	19	(427 704 446)	1 187 864 012	649 007 199	158 964 123
Income tax expense	20	(149 508 706)	(979 415 452)	(389 343 087)	(179 019 750)
Profit/(loss) for the year		(577 213 152)	208 448 560	259 664 112	(20 055 627)
Other comprehensive income					
Fair value gain on investments through other comprehensive	7	679 673	364 627	2 044 215	124 577
Revaluation Surplus		5 944 864 455	4 035 463 950	9 802 133 604	798 365 213
Total comprehensive income for the year		5 368 330 976	4 244 277 137	10 063 841 931	778 434 163
Number of shares in issue		253 872 420	253 872 420	253 872 420	253 872 420
Basic earnings per share (cents)	21	(227)	82	102	(8)
Diluted earnings per share (cents)	21	(227)	82	102	(8)
Headline earnings per share (cents)	21	(227)	82	102	(8)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

Inflation adjusted

	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Available for Sale reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 April 2021	4 747 305	4 272 137	-	(9 873 090)	1 145 374 448	1 144 520 800
Total comprehensive income for the year	-	-	4 035 463 950	364 627	208 448 560	4 244 277 137
Balance at 31 March 2022	4 747 305	4 272 137	4 035 463 950	(9 508 463)	1 353 823 008	5 388 797 937
Total comprehensive income for the year	-	-	5 944 864 455	679 672	(577 213 151)	5 368 330 976
Balance as at 31 March 2023	4 747 305	4 272 137	9 980 328 405	(8 828 791)	776 609 857	10 757 128 913

Historical cost

	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Available for Sale reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 April 2021	25 387	22 846	-	191 564	54 014 158	54 253 955
Total comprehensive income for the year	-	-	798 365 213	124 577	(20 055 627)	778 434 163
Balance at 31 March 2022	25 387	22 846	798 365 213	316 141	33 958 531	832 688 118
Total comprehensive income for the year	-	-	9 802 133 604	2 044 215	259 664 112	10 063 841 931
Balance as at 31 March 2023	25 387	22 846	10 600 498 817	2 360 356	293 622 643	10 896 530 049

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Inflation adjusted		Historical cost	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
Cash flows from operating activities					
Profit before tax		(427 704 445)	1 187 864 012	649 007 199	158 964 123
Adjusted for:					
Depreciation of property, plant and equipment	4	177 303 890	154 107 626	28 507 654	18 864 645
Depreciation of right of use assets	8	20 732 857	24 743 441	18 894 583	6 228 274
Amortisation of intangible assets	5	3 477 563	781 780	960 033	199 279
Fair Value gain on investment Property	6	(1 076 223 951)	505 802 441	(1 644 298 575)	(139 266 675)
Loss/(profit) on disposal of equipment		(3 631 496)	(526 957)	(2 846 060)	113 589
Unrealized Exchange loss		273 287 260	-	273 287 260	-
Finance cost-lease liability	8	16 710 239	37 554 002	14 222 578	(2 603 793)
Finance costs		530 673 980	270 133 184	482 954 758	74 494 613
Allowances for credit losses		-	18 581 861	-	311 204
Monetary (gain)/loss		191 982 141	124 722	-	-
Operating cash flows before working capital changes					
		(293 391 962)	2 199 166 113	(179 310 570)	117 305 259
Changes in working capital					
Increase/(Decrease) in inventories		189 744 144	(702 177 462)	(777 879 746)	(207 641 622)
(Increase)/Decrease in trade and other receivables		(198 217 014)	101 903 561	(227 402 688)	13 628 900
Increase in trade and other payables		807 774 267	270 654 826	1 112 620 031	116 424 189
		799 301 397	(329 619 075)	107 337 597	(77 588 533)
Cash generated/(utilised) from operations					
Income tax paid		505 909 435	1 869 547 036	(71 972 973)	39 716 726
		(15 821 966)	(34 241 166)	(12 976 132)	(8 926 170)
Net cash utilised from operating activities					
		490 087 469	1 835 305 871	(84 949 105)	30 790 556
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(150 167 800)	66 605 214)	(96 586 794)	(16 589 025)
Purchase of intangible asset	5	(2 235 141)	(7 657 101)	(2 036 962)	(2 064 322)
Proceeds from disposals		3 742 786	-	2 933 280	-
Net cash utilised in investing activities					
		(148 660 155)	(74 262 315)	(95 690 476)	(18 653 347)
Cash flows from financing activities					
Loan raised		952 030 000	828 951 352	952 030 000	283 216 138
Loan repayments		(208 264 480)	(638 946 165)	(208 264 480)	(214 444 842)
Principal paid on Lease Liability	8.2	(57 739 698)	-	(57 739 697)	-
Finance costs		(530 673 980)	(270 133 184)	(482 954 758)	(74 494 613)
Net cash generated from financing activities					
		155 351 842	(80 127 997)	203 071 065	(5 723 317)
Net increase/(decrease) in cash and cash equivalents					
		496 779 157	1 680 915 558	22 431 484	6 413 892
Cash and cash equivalents at beginning of the year					
		37 376 053	32 126 696	12 769 750	6 355 858
Effects of inflation on opening balances of monetary items		(498 953 976)	(1 675 666 202)	-	-
Cash and cash equivalents at end of year					
	22	35 201 234	37 376 054	35 201 234	12 769 750

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

1.1 Nature of business

National Tyre Services Limited ("the Company") was incorporated in Zimbabwe on 20 October 1961 and is listed on the Zimbabwe Stock Exchange. The main business of the Company, which is incorporated in Zimbabwe (Registration Number 644/61), is that of retailing and retreading of tyres, wheel alignment, wheel balancing and related services.

1.2 Currency

The financial statements are expressed in Zimbabwe dollar ("ZWL") which is both the functional and presentation currency.

2. Significant accounting policies

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are based on statutory records that are maintained under the historical cost convention.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.2 Accounting convention

The financial statements are prepared from books and records maintained under the historical cost convention and are restated to take account the effects of inflation in accordance with International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies). The historical cost financial information has been restated for changes in the general purchasing power of the Zimbabwe Dollar (ZWL). Accordingly, the inflation adjusted financial statements are the primary financial statements of the Company. Historical cost financial statements have been provided by way of supplementary information.

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms. The financial statements and the corresponding figures for the previous year have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Reserve Bank of Zimbabwe from the figures provided by ZIMSTATS. The indices and conversion factors used are as follows:

Year ended	Conversion factors	CPI Indices
31 March 2023	1.00	13,949.99
31 March 2022	2.93	4,766.10
31 March 2021	1.73	810.40

2. Significant accounting policies (continued)

2.2 Accounting convention (continued)

The main procedures applied in the above mentioned restatement of transactions are follows:

- All corresponding comparative figures as of and for the period ended 31 March 2022 are restated by applying the change in the index from 31 March 2022 to 31 March 2023.
 - Gains and losses arising from the net monetary position are included in the statement of comprehensive income. Monetary assets and liabilities are not restated because they are already stated in terms of the measuring unit current at reporting date.
 - Non-monetary assets and liabilities that are not carried at amounts current at reporting date and components of equity are restated by applying the change in the index from the date of the transaction or if applicable from their most recent revaluation.
 - Property, plant and equipment is restated by applying the change in the index from the date of acquisition or the date of their most recent revaluation to 31 March 2022. Depreciation and amortisation amounts are based on the restated amounts.
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date.

2.3 Changes in accounting policy and interpretations

(a) New standards, amendments and interpretations effective for the first time for 31 March 2023 year end that are relevant to the Entity

Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before intended use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(b) New standards, amendments and interpretations issued but not effective for 31 March 2023 year end that are relevant to the Entity:

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period; and
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.

That only if an embedded derivative in a convertible liability is itself an equity instrument would in terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Company.

2. Significant accounting policies (continued)

2.3 Changes in accounting policy and interpretations (continued)

(b) New standards, amendments and interpretations issued but not effective for 31 March 2023 year end that are relevant to the Entity (continued)

IFRS Financial instruments - Fees in "10%" test for derecognition of financial liabilities

As part of its 2018 - 2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

2.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding Value Added Tax and any trade discounts allowed. Revenue is recognised as follows:

2.4.1 Sale of goods

Revenue from the sale of goods consisting mainly of tyres is recognised when the Company has satisfied its performance obligation under a contract with the customer. Revenue is recognised when the goods have been delivered to/or collected by the customer, that is, the point when the customer obtains control of the goods.

2.4.2 Rendering of services

Revenue from rendering services is recognised by reference to the stage of completion of the project or service provided if the amount of revenue can be measured reliably.

2.4.3 Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and effective interest rate applicable.

2.4.4 Dividend income

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

2.4.5 Rental income

Rental income is recognised over the non-cancellable term of the related leases on a straight-line basis. National Tyre Services Limited

2.4.6 Other income

Other income is recognised on the date when the company has fulfilled its performance obligations and all risks and rewards associated with the transaction have been transferred to the customer.

2.5 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Significant accounting policies (continued)

2.6 The Company as lessor

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

2.7 The Company as lessee

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

2.8 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note (2.11) Impairment of non-financial assets.

2.9 Lease liabilities

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note (2.11) Impairment of non-financial assets.

Short-term leases and leases of low-value assets

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

2.10 Post employment benefits

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

2.11 Financial Instruments

2.11.1 Financial assets

The Company classifies its financial assets as loans and

2.11.2 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

2. Significant accounting policies (continued)

2.11 Financial instruments (continued)

2.11.2 Loans and receivables (continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2.11.3 Available-for-sale investments

Investments in unlisted shares that are not traded in an active market are classified as available-for-sale financial assets and are stated at fair value where such fair value can be determined reliably. Where fair value cannot be reliably measured, such investments are measured at cost. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Financial assets are derecognized when the rights to receive cash flows have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Gains and losses are recognised in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process.

2.11.4 Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. Impairment loss is recognised in profit or loss.

2.11.5 Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognized at fair value and subsequently carried at amortised cost using the effective interest rate method.

2.11.6 Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- input (s other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

2.11.7 Foreign currencies

Transactions denominated in currencies other than the United States dollar are recorded at the rate of exchange ruling on the transaction date. Monetary items, which are denominated in foreign currencies, are translated at the rate of exchange ruling at the reporting date. Gains or losses arising on translation are credited or charged against income. Non monetary assets and liabilities are measured in terms of historical cost in foreign currency are translated using exchange rate at the date of the transaction. Non monetary assets stated at fair value are translated at rates ruling at the date the fair value was determined.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023 (cont'd)

2. Significant accounting policies (continued)

2.11 Financial instruments (continued)

2.11.8 Property, plant and equipment

Property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the entity and the costs can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred. Subsequent to initial measurement property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Annual depreciation is charged proportionately over the remaining useful life of an asset where its carrying amount is higher than its residual value. If the carrying amount is lower than the residual value, no depreciation is charged.

Subject to the above, property, plant and equipment are depreciated on a straight line basis over the remaining useful lives as follows:

Buildings	40 Years
Plant and machinery	20 Years
Motor Vehicles	5 Years
Computer equipment	3 Years
Furniture and fittings	3 Years

Land is not depreciated.

2.11.9 Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment loss is recognised directly through profit or loss when the carrying amounts of the assets exceed the fair values of the respective assets.

2.11.10 De-recognition of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal. Any gains or losses are recognised in profit or loss.

2.12 Intangible assets

Intangible assets comprise of acquired computer softwares and developed marketing concept, which are capitalised on the basis of the costs incurred to acquire the specified assets. The costs are amortised over the estimated useful lives using the straight line method. Costs associated with developing or maintaining computer software programmes are recognised as expenses when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

The following useful lives are applied:

Software	4 Years
Marketing concept	4 Years

2.13 Investment property

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses in the statement of financial position. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Investment property buildings are depreciated over their estimated useful lives of 40 years. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2. Significant accounting policies (continued)

2.14. Income tax

2.14.1 Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

2.14.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except: Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except: where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets at each reporting date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same tax authority.

2.15 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and bank overdrafts.

2.16 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

3. Critical judgements in applying the Company's accounting policies

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these.

2. Significant accounting policies (continued)

3. Critical judgements in applying the company's accounting policies (continued)

3.1 Trade receivables

The Company assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recognised in profit or loss, the Company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivables.

3.2 Impairment testing for property, plant and equipment, and investment property

The Company is required to test, on an annual basis, whether an asset has suffered any impairment. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The determination of value in use requires the use of judgement and estimation of future cash flows and of a discount rate.

3.3 Useful lives and residual values of property, plant and equipment, and investment property

The Company reviews the estimated useful lives and residual values of property, plant and equipment, and investment property at the end of the reporting period. Remaining useful lives and residual values are reassessed based on business trends, technological developments, asset conditions and management's future plans. The useful lives and residual values so determined involved the exercise of significant levels of judgement based on data that was not readily observable.

3.4 Functional Currency

The financial statements are presented in Zimbabwean Dollars ("ZWL") which is the company's functional currency. The following considerations were made in determining the company's functional currency;

- New legislation in the form of Statutory Instrument 33 of 2019 and 142 of 2019 which prescribed Zimbabwe Dollar as the sole legal tender for local transactions.
- Products and services were being priced in ZWL during 2022;
As a result of these and other factors management had to make an assessment of whether the use of the Zimbabwe Dollar as the Company's functional currency was appropriate. In doing this, management considered the following factors:
 - The currency that mainly influences sales prices for goods and services;
 - The currency of the competitive forces and regulations that mainly determine the sales prices of goods and services;
 - The currency that mainly influences labour, material and other costs of providing goods and services and,
 - The currency in which funds from financing activities are generated.

3.5 Going concern assessment

The company assesses its going concern status at each reporting date. Going concern assessment is an area involving management's judgment on the company's future revenue, cash flows and the country's economic conditions. The Directors have satisfied themselves that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. Property, plant and equipment

INFLATION ADJUSTED

	Land ZWL	Buildings ZWL	Lease improvements ZWL	Plant & machinery ZWL	Motor vehicles ZWL	Computer equipment ZWL	Furniture & fittings ZWL	Total ZWL
Carrying amount as at 31 March 2021	103 179 210	4 215 065 906	21 065 120	205 408 417	62 732 299	41 833 930	9 522 787	858 807 669
Gross carrying amount								
-cost/ valuation	103 179 210	4 215 065 906	21 065 120	205 408 417	62 732 299	41 833 930	9 522 787	858 807 669
Accumulated depreciation	-	(72 225 153)	(414 382)	(166 976 316)	(73 975 318)	(48 489 622)	(15 063 643)	(377 144 434)
Revaluation	771 432 003	3 470 061 870	-	-	-	-	-	4 241 493 873
Additions	-	16 659 606	3 234 116	17 544 209	-	23 914 428	5 252 855	66 605 214
Disposals								
accumulated depreciation	-	-	-	-	-	(332 466)	-	(332 466)
Depreciation charge for the year	-	(55 665 337)	(467 435)	(18 194 465)	(11 156 756)	(4 529 428)	(1 222 836)	(91 236 256)
Carrying amount as at 31 March 2022	874 611 213	3 846 122 045	24 131 758	204 758 161	51 575 549	60 886 463	13 552 805	5 075 637 994
Gross carrying amount								
-cost/ valuation	874 611 213	3 846 122 045	24 131 758	204 758 161	51 575 549	60 886 463	13 552 805	5 075 637 994
Accumulated depreciation	-	(127 890 490)	(581 860)	(185 170 781)	(85 132 074)	(53 019 050)	(16 286 479)	(468 080 734)
Revaluation	2 292 367 443	3 652 497 012	-	-	-	-	-	5 944 864 455
Additions	-	-	-	34 369 964	111 579 746	3 979 498	238 592	150 167 800
Disposals	-	-	-	-	(6 020 742)	-	-	(6 020 742)
Depreciation charge for the year	-	(84 447 766)	(525 098)	(46 058 303)	(24 767 860)	(17 484 316)	(4 020 547)	(177 303 890)
Carrying amount as at 31 March 2023	3 166 978 656	7 414 171 291	23 606 660	193 069 822	132 366 693	47 381 645	9 770 850	10 987 345 617
Gross carrying amount								
-cost/ valuation	3 166 978 656	7 414 171 291	23 606 660	193 069 822	132 366 693	47 381 645	9 770 850	10 987 345 617
Accumulated depreciation	-	-	(1 106 958)	(231 229 084)	(109 899 934)	(70 503 366)	(20 307 025)	(433 046 367)

Land and buildings with a carrying amount of ZWL6,085,280,080 (Historical Cost) were pledged as collateral in respect of borrowings which are disclosed in note 15.

As at April 2023, owner occupied property and investments property were revalued by an independent valuer, Property Mart (Private) Limited. The market values estimated amounts for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation was performed in USD and translated into ZWL using the RBZ interbank rate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

4. Property, plant and equipment (continued)

HISTORICAL COST

	Land ZWL	Buildings ZWL	Lease improvements ZWL	Plant & machinery ZWL	Motor vehicles ZWL	Computer equipment ZWL	Furniture & fittings ZWL	Total ZWL
Carrying amount at 31 March 2021	551 934	4 288 758	757 910	6 383 449	6 711 875	4 093 303	423 505	23 210 734
Gross carrying amount-cost/ valuation	551 934	4 895 039	777 827	7 859 909	7 417 470	4 936 064	550 595	26 988 838
Accumulated depreciation	-	(606 281)	(19 917)	(1 476 460)	(705 595)	(842 761)	(127 090)	(3 778 104)
Revaluation	154 484 888	647 357 705	-	-	-	-	-	801 842 593
Additions	-	4 242 735	953 359	4 309 459	-	5 918 392	1 165 080	16 589 025
Disposals	-	-	-	-	-	(113 589)	-	(113 589)
Depreciation charge for the year	-	(13 885 347)	(20 747)	(1 690 897)	(1 274 007)	(1 738 832)	(254 815)	(18 864 645)
Carrying amount at 31 March 2022	155 036 822	637 715 093	1 690 522	9 002 011	5 437 868	8 159 274	1 333 770	818 375 360
Gross carrying amount-cost/ valuation	155 036 822	651 600 440	1 731 186	12 169 368	7 417 470	10 730 746	1 715 675	840 401 707
Accumulated depreciation	-	(13 885 347)	(40 664)	(3 167 357)	(1 979 602)	(2 571 472)	(381 905)	(22 026 347)
Revaluation	3 011 941 834	6 790 191 770	-	-	-	-	-	9 802 133 604
Additions	-	-	-	34 074 540	59 213 467	3 111 799	186 988	96 586 794
Disposals	-	-	-	-	(196 000)	-	-	(196 000)
Gross carrying amount-cost/ valuation	-	-	-	-	-	-	-	-
Disposals accumulated depreciation	-	-	-	-	108 780	-	-	108 780
Depreciation charge for the year	-	(13 735 572)	(36 787)	(2 128 816)	(9 183 672)	(3 071 627)	(351 180)	(28 507 654)
Carrying amount at 31 March 2023	3 166 978 656	7 414 171 291	1 653 735	40 947 735	55 380 443	8 199 446	1 169 578	10 688 500 884
Gross carrying amount-cost/ valuation	3 166 978 656	7 414 171 291	1 731 186	46 243 908	66 434 937	13 842 545	1 902 663	10 711 305 186
Accumulated depreciation	-	-	(77 451)	(5 296 173)	(11 054 494)	(5 643 099)	(733 085)	(22 804 302)

Land and buildings with a carrying amount of ZWL6,085,280,080 (Historical Cost) were pledged as collateral in respect of borrowings which are disclosed in note 15.

As at April 2023, owner occupied property and investments property were revalued by an independent valuer, Property Mart (Private) Limited. The market values estimated amounts for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation was performed in USD and translated into ZWL using the RBZ interbank rate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

5. Intangible assets

	Inflation adjusted			Historical cost		
	Computer software	Marketing concept	total	Computer software	Marketing concept	total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Carrying amount at 31 March 2021	14 129 306	186 360	14 315 666	501 240	89	501 329
Gross carrying amount	51 116 500	934 706	52 051 206	668 105	5 000	673 105
Accumulated amortisation	(36 987 194)	(748 346)	(37 735 540)	(166 865)	(4 911)	(171 776)
						-
Additions	7 657 101	-	7 657 101	2 064 322	-	2 064 322
Amortisation charge for the year	(781 757)	(23)	(781 780)	(199 273)	(6)	(199 279)
Carrying amount at 31 March 2022	21 004 650	186 337	21 190 987	2 366 289	83	2 366 372
Gross carrying amount	58 773 602	934 706	59 708 308	2 732 427	5 000	2 737 427
Accumulated amortisation	(37 768 952)	(748 369)	(38 517 321)	(366 138)	(4 917)	(371 055)
Additions	2 235 141	-	2 235 141	2 036 962	-	2 036 962
Amortisation charge for the year	(3 477 563)	-	(3 477 563)	(960 033)	-	(960 033)
Carrying amount at 31 March 2023	19 762 228	186 337	19 948 565	3 443 218	83	3 443 301
Gross carrying amount	61 008 742	934 706	61 943 448	4 769 389	5 000	4 774 389
Accumulated amortisation	(41 246 514)	(748 369)	(41 994 883)	(1 326 171)	(4 917)	(1 331 088)

6. Investment property

	Inflation adjusted	Historical cost
	ZWL	ZWL
Carrying amount at 31 March 2021	202 376 349	1 082 567
Fair value gain	505 802 441	139 021 599
Carrying amount at 31 March 2022	708 178 790	140 104 166
Fair value gain	1 076 223 951	644 298 575
Carrying amount at 31 March 2023	1 784 402 741	1 784 402 741

During the year, ZWL80 981 075 (2022:ZWL10 715 867) was recognized in the statement of profit or loss as rental income from investment property. No direct investment property costs were incurred in the current year.

7. Fair value through other comprehensive income investments

	Inflation adjusted			Historical cost		
	At fair value	At cost	Total	At fair value	At cost	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 31 March 2021	1 339 868	-	1 339 868	265 076	-	265 076
Fair value adjustment	364 627	-	364 627	124 577	(49 700)	74 877
Balance at 31 March 2022	1 704 495	-	1 704 495	389 653	(49 700)	339 953
Fair value adjustment	679 673	-	679 673	2 044 215	-	2 044 215
Balance at 31 March 2023	2 384 168	-	2 384 168	2 433 868	(49 700)	2 384 168

The investments at fair value relates to 6 units of unquoted African Sun time shares. The fair value of time shares is based on the market value. The investment at cost relates to a 0.57% equity shareholding in Medical Investments (Private) Limited.

The Company's Directors believe that the carrying values of the investments are reasonable.

**NOTES TO THE FINANCIAL STATEMENTS ((cont'd)
FOR THE YEAR ENDED 31 MARCH 2023**

	Inflation adjusted		Historical cost	
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
8. Right of use assets and leases				
8.1 Right of use assets				
Opening balance	293 538 354	318 281 795	2 653 133	8 881 407
Restatement	76 543 045	-	69 756 376	-
Depreciation	(20 732 857)	(24 743 441)	(18 894 583)	(6 228 274)
Closing balance	349 348 542	293 538 354	53 514 926	2 653 133
8.2 Lease liabilities				
Opening balance	33 554 686	71 108 687	11 464 157	14 067 950
Monetary gain	(24 578 190)	(30 294 607)	-	-
Finance cost	16 710 239	17 079 470	14 222 578	5 711 724
Lease payments	(57 739 697)	(24 338 864)	(57 739 697)	(8 315 517)
Restatement	212 969 747	-	212 969 747	-
Closing balance	180 916 785	33 554 686	180 916 785	11 464 157
8.3 Short term lease expense	10 789 327	9 691 669	8 960 200	3 311 216

The short-term lease relates to the renting of the Mutare First branch space from Voltmax Enterprises.
The lease is for a period of 1 year.

9. Inventories

Tyres	1 047 477 109	1 149 669 171	1 039 909 279	286 777 311
Rubbber and patches	59 322 091	127 140 126	58 893 499	31 714 257
Other consumables	6 275 179	26 009 226	4 056 364	6 487 828
	1 113 074 379	1 302 818 523	1 102 859 142	324 979 396

10 . Trade and other receivables

Trade receivables	77 012 000	19 577 556	77 012 000	6 688 788
Other receivables	14 824 529	2 161 859	14 824 529	290 464
Allowance for credit losses	(311 204)	(910 870)	(311 204)	(311 204)
	91 525 325	20 828 545	91 525 325	6 668 048
Prepayments	152 429 057	24 908 823	151 055 658	8 510 247
Total	243 954 382	45 737 368	242 580 983	15 178 295

The carrying value of trade and other receivables at amortised cost approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

11. Impairment of trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade and other receivables are grouped based on similar credit risk and their aging.

The expected loss rates are based on the Company's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's clients.

At 31 March 2023 lifetime expected loss provision for trade and other receivables is as follows:

	Current ZWL	More than 30 days past due ZWL	More than 60 days past due ZWL	More than 120 days past due ZWL	Total ZWL
Expected credit loss rate	0.00%	4.60%	9.00%	83.55%	-
Gross carrying amount	21 663 942	1 145 948	-	309 411	23 119 301
Loss provision	-	52 691	-	258 513	311 204

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
12. Operating expenses				
Staff expenses	1 014 102 661	613 249 731	876 716 506	160 127 391
Administration expenses	954 651 649	1 275 368 619	808 311 191	337 729 387
Depreciation and amortization	201 514 310	86 910 480	48 353 953	23 010 110
	2 170 268 620	1 975 528 830	1 733 381 650	520 866 888

	Inflation adjusted		Historical cost	
	2023 ZWL	2023 ZWL	2023 ZWL	2023 ZWL
12.1 Exchange gains and losses				
Unrealized exchange losses	273 287 260	-	273 287 260	-
Realized Exchange losses	898 768 168	-	654 904 687	-
	1 172 055 428	-	928 191 947	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2023

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
13. Share capital				
Authorised				
400 000 000 ordinary shares of ZWL\$ 0.0001 each	40 000	40 000	40 000	40 000
Issued and fully paid				
253 872 420 ordinary shares of ZWL\$ 0.0001 each	4 747 305	4 747 305	25 387	25 387

Unissued shares are under the control of the directors subject to the limitations imposed by the Companies and Other Business Entities Act (Chapter 24:31) and the requirements of the Zimbabwe Stock Exchange.

14. Deferred tax

Analysis of deferred tax

Accelerated wear and tear of property,
plant and equipment

1 278 315 510	1 105 533 074	593 390 749	170 561 382
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Accelerated wear and tear
of intangible assets

4 524 090	5 190 482	405 536	530 400
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Available for sale investments

-	16 654	-	29 232
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Lease liability

(45 143 654)	(8 294 719)	(45 143 654)	(2 833 940)
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Right of use asset

86 358 960	72 562 685	13 228 889	655 855
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Provisions

(15 983 379)	(6 163 157)	(15 983 379)	(2 105 678)
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1 308 071 527	1 168 845 018	545 898 141	166 837 251
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Reconciliation

Opening balance

1 168 845 019	227 156 075	166 837 251	474 619
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Recognised in profit or loss

-	20 721 145	-	(242 253)
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Recognised through other comprehensive

139 226 508	920 967 798	379 060 890	166 604 885
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Closing balance

1 308 071 527	1 168 845 018	545 898 141	166 837 251
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15. Borrowings

15.1 Short term borrowings

FBC loan

1 018 719 049	431 935 836	1 018 719 049	147 573 436
359 342 859	265 314 390	359 342 859	90 646 232

Standard Chartered Bank

278 958 000	146 346 066	278 958 000	50 000 000
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Bellerive

8 473 470	-	8 473 470	-
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CABS

-	20 275 380	-	6 927 204
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Radun Investments

371 944 720	-	371 944 720	-
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Total borrowings

1 018 719 049	431 935 836	1 018 719 049	147 573 436
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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

15. Borrowings (continued)

Standard Chartered Bank loan

A short term loan facility, capped at USD300 000, was obtained from Standard Chartered Bank for the purposes of funding working capital needs. The loan attracts interest at 10% per annum and matures on 31 October 2023. The facility is secured by land and buildings with a carrying amount of USD 2 000 000.

FBC loan

A short term loan capped at USD 1 500 000 million was obtained from FBC Bank Limited to finance working capital needs. The loan attracts interest at 12% per annum and matures on 31 October 2023. The facility is secured by land and buildings with a carrying amount of USD3 000 000.

Radun loan

A short term loan facility, capped at USD 400 000, was obtained from Radun investments to finance the purchase of tyres and raw materials. The loan attracts interest at 16.5% per annum

15.2 Reconciliation of liabilities arising from financing activities

	Inflation adjusted 2023 ZWL	Historical cost 2022 ZWL
Short term Borrowings		
Opening balance	147 573 436	147 573 436
Cashflow changes:		
Loan proceeds	952 030 000	952 030 000
Unrealised Exchange rate loss	127 380 093	127 380 093
Loan repayments	(208 264 480)	(208 264 480)
Closing balance	1 018 719 049	1 018 719 049

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
16. Trade and other payables				
Trade	289 796 641	215 944 479	289 796 641	73 778 710
Bank	374 202 598	-	374 202 598	-
Other	606 824 116	221 263 895	606 824 116	75 596 120
Total financial liabilities classified as financial liabilities measured at amortised cost	1 270 823 355	437 208 374	270 823 355	149 374 830

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2023

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
17. Revenue				
Sale of tyres	4 054 061 695	3 366 304 727	3 403 471 466	865 934 269
Rendering of services	278 033 787	213 329 105	233 566 945	55 151 020
	4 332 095 482	3 579 633 832	3 637 038 411	921 085 289
18. Other income				
Rental income	92 168 920	43 173 676	80 981 075	10 715 867
Sundry income	19 929 607	11 557 083	18 264 902	3 775 506
Interest	3 704	-	2 714	-
Exchange gains on foreign transactions	-	-	-	-
Profit/(loss) on disposal of motor vehicle	3 631 496	(526 957)	2 846 060	(134 249)
	115 733 727	54 203 802	102 094 751	14 357 124

19. Profit before tax

Profit before tax has been arrived at after accounting for the following :

Income:

Rental income	92 168 920	43 173 676	80 981 075	10 715 867
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Expenses:

Audit fees and expenses	26 780 020	46 623 054	26 780 020	9 369 964
Depreciation of property, plant and equipment, investment property and intangibles	201 514 310	114 493 672	48 353 953	25 292 199
Exchange losses on foreign transactions	1 172 055 428	452 282 485	928 191 947	120 998 865
Transport charges	32 583 372	62 334 392	29 158 535	12 527 515
Technical fees	80 017 999	91 742 531	71 433 017	18 437 750
Electricity and lighting	14 793 381	22 615 423	13 862 746	4 545 084
Operating lease rentals	10 789 327	16 555 338	8 960 200	3 327 172
Allowance for credit losses	(18 581 861)	(18,581,861)	(311 204)	(311 204)

Employee costs :

Staff remuneration	1 014 102 661	796 761 648	876 716 506	160 127 391
Pension (National Social Security Authority)	16 520 396	11 070 907	14 282 286	2 608 580
Other defined contribution plans	15 356 341	10 290 830	13 275 931	2 424 775
Included in employee costs is Directors' remuneration of:				
Fees for services as Directors	21 214 165	16 190 160	18 164 917	4 227 459

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2023

	inflation adjusted		Historical cost	
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
20. Income Tax				
Current	10 282 197	37 726 506	10 282 197	12 889 484
Deferred (recognised through profit or loss)	-	20 721 146	-	(242 253)
Deferred (recognised through OCI)	139 226 509	920 967 800	379 060 890	166 372 519
	149 508 706	979 415 452	389 343 087	179 019 750
Tax rate reconciliation				
Profit before tax	(427 704 445)	1 187 864 012	649 007 199	159 196 348
Tax at statutory rate of 24.72%	(105 728 539)	305 874 983	160 434 580	39 353 337
Tax effect of: Non deductible / (Non taxable) items				
Fines				
Legal Fees				
Staff Welfare-human resources	1 321 445	1 902	921 089	-
	416 149	15 495 584	366 831	2 205 899
Teas	-	17 033 546		- 4 472 342
Interest (Lease)	4 130 771	-	3 515 821	-
Intermediated Money Transfer Tax (IMTT)	2 824 289	(3567 589)	1 975 176	(975 110)
Excess management fees	13 997 591	1 839 333	12 415 508	77 079
Subscriptions	1 082 484	7 422 915	721 656	1 167 841
Currency translation gain	7 185 121	-	-	-
Other non-deductible/(non-taxable) items	224 279 395	6 657 657	208 992 425	200 252
	149 508 706	350 758 332	389 343 087	46 501 640
21. Earnings per share				
Profit from operations attributable to equity holders of the Company	(577 213 151)	208 448 560	10 063 841 931	(20 055 627)
Number of shares used in calculating earnings per share				
Shares in issue	253 872 420	253 872 420	253 872 420	253 872 420
Weighted average number of shares in issue	253 872 420	253 872 420	253 872 420	253 872 420

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or (loss) attributable to ordinary equity holders of the parent Company by the weighted average number of ordinary shares in issue during the year.

Headline earnings per share

Headline earnings per share is calculated by dividing the headline earnings for the year attributable to ordinary equity holders of the parent Company by the weighted average number of shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2023

22. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise of:

	Inflation adjusted		Historical cost	
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
Bank balances	12 448 027	20 131 286	12 448 027	6 877 973
Cash on hand	22 753 207	17 244 768	22 753 207	5 891 777
	35 201 234	37 376 054	35 201 234	12 769 750

23. Post employment benefits

23.1 National Tyre Services Pension Fund

The Company and its employees contribute to the National Tyre Services Pension Fund. The fund operates a defined contribution plan, the assets of which are held in a separate trustee-administered fund. Contributions during the year were ZWL18 615 599 (2022: ZWL406 829).

23.2 National Social Security

The National Social Security Authority Scheme was promulgated under the National Social Security Authority Act (Chapter 17:04). Contributions amount to 9.0% of pensionable emoluments subject to a limit of ZWL 2 414 896 per employee. Contributions during the year were ZWL46 867 317 .

23.3 Related party information

23.4 Related party

	Nature of relationship
Simply Africa (Private) Limited	Ultimate shareholder
Auto Tyres Zimbabwe (Private) Limited	Common control
Mr. B.P.H. Samudzimu	Key management
Mr. A. Ushe	Key management
Mr. S.N. Mandimika	Key management

24. Related party transactions

The following represent transactions with related parties during the year:-

		Inflation adjusted		Historical cost	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
Related party					
Nature of transaction Expenses	Nature of transaction Expenses				
Simply Africa (Private) Limited	Technical fees	71 433 017	53 965 846	71 433 017	18 437 751
Related party payables					
Simply Africa (Private) Limited		100 976 564	18 092 580	100 976 564	6 181 437

The Simply Africa related party payable attracts interest at a rate of 1% per month and the payable is not secured.

Radun Investments	371 944 720	-	371 944 720	-
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The Radun Investments related party is a loan of USD400,000 and attracts an interest rate of 16.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE YEAR ENDED 31 MARCH 2023

25. Compensation to key management personnel

Key management are employees who have authority, are responsible for planning, directing and controlling the activities of the company on a day to day

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Key management				
Short term benefits	30 828 837	21 165 136	10 532 846	4 987 030
Post-employment benefits	8 710 164	67 498 000	2 975 879	4 655
	<u>39 539 001</u>	<u>88 663 136</u>	<u>13 508 725</u>	<u>4 991 685</u>

26. Financial instruments - Risk management

The Company is exposed through its operations to the following financial risks:

Credit risk

Liquidity risk

Foreign exchange

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

Trade and other receivables;

Bank and cash balances; Trade and other payables and Borrowings

A summary of the financial instruments held by category is provided below:

Financial assets	Inflation adjusted		Historical Cost	
	Amortised cost	Amortised cost	Amortised cost	Amortised cost
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
Bank and cash balances	35 201 234	37 376 053	35 201 234	12 769 750
Trade and other receivables	242 580 983	45 737 369	242 580 983	15 178 295
Available-for-sale investments	2 384 168	1 704 496	2 384 168	339 953
	<u>280 166 385</u>	<u>84 817 918</u>	<u>280 166 385</u>	<u>28 287 998</u>

Financial liabilities	Inflation adjusted		Historical Cost	
	Amortised cost	Amortised cost	Amortised cost	Amortised cost
	2023	2022	2023	2022
	ZWL	ZWL	ZWL	ZWL
Trade and other payables	1 266 398 451	437 208 374	1 266 398 451	149 374 830
Borrowings	1 018 719 049	431 935 836	1 018 719 049	147 573 436
	<u>2 285 117 500</u>	<u>869 144 210</u>	<u>2 285 117 500</u>	<u>296 948 266</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 MARCH 2023

27. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with liabilities. The Company operates within Board approved borrowing limits, which are geared for peak and seasonal trading requirements. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

The table summarizes the maturity profile of the Company's liabilities as at 31 March 2023 based on contractual undiscounted payments:

Inflation adjusted

	Up to 3 months ZWL	3 to 12 months ZWL	1 to 5 years ZWL	Over 5 years ZWL	Total ZWL
At 31 March 2022					
Trade and other payables	437 208 374	-	-	-	437 208 374
Short term borrowings	-	431 935 837	-	-	431 935 837
Long term loan	-	-	-	-	-
	437 208 374	431 935 837	-	-	869 144 211

Historical cost

	Up to 3 months ZWL	3 to 12 months ZWL	1 to 5 years ZWL	Over 5 years ZWL	Total ZWL
At 31 March 2023					
Trade and other payables	1 266 398 451	-	-	-	1 266 398 451
Short term borrowings	-	1 018 719 049	-	-	1 018 719 049
Medium term loan	-	-	-	-	-
	1 266 398 451	1 018 719 049	-	-	285 117 500

	Up to 3 months ZWL	3 to 12 months ZWL	1 to 5 years ZWL	Over 5 years ZWL	Total ZWL
At 31 March 2022					
Trade and other payables	149 374 830	-	-	-	149 374 830
Short-term borrowings	-	147 573 436	-	-	147 573 436
Long term borrowings	-	-	-	-	-
	149 374 830	147 573 436	-	-	296 948 266

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE YEAR ENDED 31 MARCH 2023

28. The Company's objective when managing capital are:

- i) To safeguard the entity's ability to continue operating as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii) To provide adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's capital is made up of the following:

	Inflation adjusted		Historical cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Share capital	4 747 305	4 747 305	25 387	25 387
Share premium	4 272 137	4 272 137	22 846	22 846
Available for sale reserve	(8 828 791)	(9 508 464)	2 360 356	316 141
Retained earnings	776 609 856	1 353 823 007	293 622 643	33 958 531
	<u>776 800 507</u>	<u>1 353 333 985</u>	<u>296 031 232</u>	<u>34 322 905</u>
29. Capital expenditure commitments				
Authorised but not contracted for	<u>168 733 370</u>	284 884 189	<u>168 733 370</u>	97 332 370

The capital expenditure will be funded by a combination of the Company's own resources and local borrowings.

30. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 March 2023 reporting date and the date of authorisation of the financial statements.

31. Approval of financial statements

The financial statements were approved for issue on 31 July 2023 by the Board of Directors of the Company.

ANALYSIS OF SHAREHOLDERS

MAJOR SHAREHOLDERS: TOP TEN AS AT 31 MARCH 2023		
Rank Names	Shares	Percentage
1. MBCA Nominees (Private) Limited	86 867 731	34.22
2. Group Five Companies (Private) Limited	72 303 639	28.48
3. Radun Investments (Private) Limited	31 194 348	12.29
4. Willoughby's Consolidated Plc	23 330 664	9.19
5. Messina Investments Limited	17 300 252	6.81
6. Enborate Investments (Private) Limited	6 892 377	2.71
7. Clifford Walton	1 716 428	0.68
8. Gayle Holland	1 716 428	0.68
9. Stanbic Nominees (Private) Limited	1 585 907	0.62
10. Mr. Li Ping Wang	1 074 800	0.42
Selected shares	243 982 574	96.10
Non-selected shares	9 889 846	3.90
Issued Shares	253 872 420	100.00

ANALYSIS OF SHAREHOLDERS (cont'd)

ANALYSIS BY INDUSTRY AS AT 31 MARCH 2023				
Industry	Shares	Share %	Shareholders	Shareholders %
Local nominee	111 560 907	43.94	44	9.91
Local companies	87 846 978	34.60	30	6.76
Foreign companies	23,330,664	9.19	01	0.23
Foreign nominee	17 818 970	7.02	03	0.68
Pension funds	1 067 000	0.42	03	0.68
Local individual resident	10 554 861	4.16	323	72.75
New non-resident	779 859	0.31	21	4.73
Trusts	386 320	0.15	01	0.23
Deceased estates	175 968	0.07	06	1.35
Other investments and trust	152 458	0.06	03	0.68
Charitable	93 442	0.04	05	1.13
Foreign individual resident	50 400	0.02	02	0.45
Fund managers	50 000	0.02	01	0.23
Unknown	4 793	0.00	01	0.23
Totals	253 872 420	100.00	444	100.00

ANALYSIS BY VOLUME AS AT 31 March 2023				
Range	Shares	Share %	Shareholders	Shareholders %
1-5000	406 485	0.16	237	53.38
5001-10000	540 902	0.21	70	15.77
10001-25000	981 913	0.39	59	13.29
25001-50000	1 208 684	0.48	30	6.76
50001-100000	1 252 041	0.49	17	3.83
100001-200000	862 960	0.34	06	1.35
200001-500000	4 444 107	1.75	12	2.70
500001-1000000	1 778 661	0.70	03	0.68
100001 and above	242 396 667	95.48	10	2.25
Totals	253,872,420	100.00	444	100.00

NATIONAL TYRE SERVICES LIMITED NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the sixty-first Annual General Meeting (AGM) of National Tyre Services Limited ("the Company") will be held virtually via <https://escrowagm.com/eagmZim/Login.aspx> on Wednesday, 27 September 2023 at 14:15 hours for the purpose of transacting the following business:

ORDINARY BUSINESS

1. Financial statements

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 March 2023 together with the reports of the Directors and Auditors.

2. To elect Directors of the Company

- 2.1 In terms of the Company's Articles of Association, Mr. Moses Tonderayi Chingwena is scheduled to retire by rotation at the conclusion of the AGM. Being eligible, he offers himself for re-election.
- 2.2 In terms of the Company's Articles of Association, Mr. Benson Philip Hlungupi Samudzimu is scheduled to retire by rotation at the conclusion of the AGM. Being eligible, he offers himself for re-election.
- 2.3 In terms of the Company's Articles of Association, Mr. Albert Simbarashe Ushe is scheduled to retire by rotation at the conclusion of the AGM. Being eligible, he offers himself for re-election.

3. Directors' fees

To approve the Directors' fees paid during the financial year ended 31 March 2023.

4. Auditors

To approve auditors' fees for the financial year ended 31 March 2023 and to re-appoint Grant Thornton Chartered Accountants (Zimbabwe) as Auditors for the ensuing year. Grant Thornton Chartered Accountants (Zimbabwe) were first appointed at the AGM held on 30 September 2021.

By Order of the Board

S.N. Mandimika

Company Secretary

31 August 2023

Stand No. 4608
Cnr. Cripps & Seke Roads
Graniteside
P.O. Box 3018
Harare

Transfer Secretaries:

Corpserve Registrars (Private) Limited
2nd Floor, ZB Centre
Cnr. Kwame Nkrumah Avenue & First Street
P.O. Box 2208
Harare

Notes:

- (1) In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member of the Company is entitled to appoint one or more proxies to attend, vote and speak in his or her stead. A proxy need not be a member of the Company. Proxy forms must be lodged by electronic mail to: operationszim@escrowgroup.org not less than forty-eight (48) hours before the time appointed for holding the meeting.
- (2) Members are requested to advise Corpserve Transfer Secretaries by electronic email to: operationszim@escrowgroup.org of their email addresses and any change of postal address.
- (3) Members are hereby advised to use the dedicated Corpserve helpline on +263772289768, +263715245730 or +263779145849 for assistance with online eAGM processes.

NATIONAL TYRE SERVICES LIMITED FORM OF PROXY



For use at the sixty-first Annual General Meeting ("AGM") of National Tyre Services Limited ("the Company") to be held virtually by electronic means at
<https://escrowagm.com/eagmZim/Login.aspx>
on Wednesday, 27 September 2023 at 14:15 hours

I/We (name in block letters) _____ of _____
being a member of National Tyre Services Limited and entitled to _____ votes,
hereby appoint _____
of _____
or failing him/her _____
of _____

As my/our proxy to attend and vote for me/us on my/our behalf at the above AGM of the Company and any adjournment thereof on the resolutions set out in the Notice of the Meeting as indicated below and otherwise as he/her shall deem fit.

ORDINARY RESOLUTIONS

- | | | | |
|--|------------------------------|----------------------------------|----------------------------------|
| 1. To receive and approve the Accounts for the year ended 31 March 2023 together with Directors' and Auditors' reports. | ☐ For | ☐ Against | ☐ Abstain |
| 2.1 Re-election of Mr. M.T. Chingwena | ☐ For | ☐ Against | ☐ Abstain |
| 2.2 Re-election of Mr. B.P. H. Samudzimu | ☐ For | ☐ Against | ☐ Abstain |
| 2.3 Re-election of Mr. A..S. Ushe | ☐ For | ☐ Against | ☐ Abstain |
| 3. To approve Directors' fees for the year ended 31 March 2023. | ☐ For | ☐ Against | ☐ Abstain |
| 4. To approve auditors' fees for the year ended 31 March 2023 and to re-appoint Grant Thornton as auditors for the ensuing year. | ☐ For | ☐ Against | ☐ Abstain |

Full name: _____

Signature: _____

Dated this _____ day of _____ 2023

NOTES:

- (1) In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member of the Company is entitled to appoint one or more proxies to attend, vote and speak in his or her stead. A proxy need not be a member of the Company. Proxy forms must be lodged by electronic mail to: operationszim@escrowgroup.org not less than forty-eight (48) hours before the time appointed for holding the meeting.
- (2) Members are requested to advise Corpserve Transfer Secretaries by electronic email to: operationszim@escrowgroup.org of their email addresses and any change of postal address.
- (3) Members are hereby advised to use the dedicated Corpserve helpline on +263772289768, +263715245730 or +263779145849 for assistance with online eAGM processes.



Email: nts@ntsgroup.co.zw
Website: www.ntsgroup.co.zw
Facebook: NationalTyreServicesLimited