

ANNUAL REPORT 2024



**National Tyre
Services Limited**

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DIRECTORATE AND ADMINISTRATION

Directors

Mr. R.J. Moyo
Mr. S. Shonhiwa
Ms. D. Mashingaidze
Ms. V. Masunda
Mr. M.T Chingwena
Mr. B.P.H. Samudzimu
Mr. A.S. Ushe
Mr. S.N Mandimika

(Independent Non-Executive - Chairman)
(Independent Non-Executive)
(Independent Non-Executive)
(Independent Non-Executive)
(Non-Executive)
(Managing Director)
(Commercial Director)
(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.

RETRADING

The Company 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 trading environment was subdued and the industry faced challenges primarily stemming from the continued loss of purchasing power of the local currency. The El Nino induced poor rainfall and prolonged dry spells that characterized 2023/2024 farming season further constrained foreign currency reserves. The depressed electricity generation experienced in the country and the region at large continues to negatively impact industry throughput. The move by the Government to introduce a gold backed currency has stabilized economic fundamentals which are key for growth and establishment of long-term business strategies.

Operations review

Procurement of market driven premium tyres resulted in a 24% increase in new tyre sales volumes when compared to the prior year. Our solid and long-term trading relationship with our suppliers sustained business operations through seamless supply of stock. Although the Company closed four retail outlets at the beginning of the financial year, National Tyre Services managed to maintain a strong presence in affected areas through personal selling.

Retreading

The Company retained a large retreading customer base through improved turnaround time and unmatched workmanship. Retreading sales volumes rose by 10% from April 2023 to March 2024 when compared to the period April 2022 to March 2023.

Financial review

Sales grew by 95% (inflation adjusted) to ZWL 259,669 billion (2023: ZWL 133,291 billion). Gross profit increased by 39% to ZWL 105,314 billion (2023: ZWL 75,752 billion). Total expenses increased significantly (inflation adjusted) to ZWL 114,067 billion (2023: ZWL 66,775 billion). The company incurred a loss before tax of ZWL 39,276 billion (inflation adjusted) from a loss of ZWL 7,253 billion in the previous year.

Dividend

The Directors have considered it prudent not to declare a dividend in consideration of the need to enhance working capital in the business.

Outlook

National Tyre Services is upbeat that the strategies being implemented by the authorities to boost demand for ZWG will stabilize inflationary pressures, enhance market acceptance and confidence. Stability and general pricing consistency will foster investor confidence and create a conducive business operating environment.

As we look ahead, we envisage leveraging on the rolling extensive road rehabilitation program, which will improve infrastructure and enhance road safety, potentially leading to increased vehicle traffic and demand for our tyre services. Already, the Company has realized strong demand for light truck and luxury motor vehicles tyres in the build up to SADC summit.

National Tyre Services intends to boost profitability and market share through offering a balanced product portfolio of meticulously engineered tyre brands. We are optimistic of a return to normal peak season in the second half of the year, typically hot and rainy seasons drive demand for tyres and related services.



Mr. R. J. Moyo
Chairman

6 September 2024



Mr. B.P.H. Samudzimu
Managing Director

6 September 2024

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 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 three independent non-executive Directors who met 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 to ensure that internal controls were effective and reliable.

Human Resources and Nomination Committee

The Human Resources and Nomination Committee comprised of three independent non-executive Directors who met during the year to assist 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 to ensure that strategies and plans remain on course.

Health and safety issues

We consider health and safety in our workplace critical to all our operations. Any health and safety related incidents are treated seriously and receive necessary attention. Regular inspections are conducted to ensure that safety measures are always in place 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.

CORPORATE GOVERNANCE STATEMENT (cont.)

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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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 (IFRS) 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 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 2024.

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 11 to 33 were, in accordance with their responsibilities, approved by the Board of Directors on 6 September 2024 and are signed on its behalf by:



Mr. R. J. Moyo
Chairman



Mr. B.P.H. Samudzimu
Managing Director

These financial statements were prepared under the supervision of:

These annual inflation adjusted financial statements were prepared under the supervision of:



Ms. P. Ruzande
Finance Executive

INDEPENDENT AUDITOR'S REPORT



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To the members of National Tyre Services Limited

Report on the Audit of the Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of National Tyre Services Limited set out on pages 11 to 33, which comprise the statement of financial position as at 31 March 2024, 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, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly, in all material respects, the financial position of National Tyre Services Limited as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates

Inappropriate spot exchange rates

International Accounting Standard 21 defines the spot exchange rate as the exchange rate for immediate delivery. 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. The opinion for the year ended 31 March 2023 was modified in respect of this matter and the misstatements have not been corrected in the inflation adjusted financial statements for the year ended 31 March 2024.

For all other foreign denominated transactions and balances, there was an accounting system reconfiguration during the year ended 31 March 2024 which resulted in the use of inappropriate spot exchange rates.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the financial statements as a whole.

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 AUDITORS' REPORT (cont'd)

The opinions for the years ended 31 March 2022 and 31 March 2023 were modified in respect of this matter as there were no subsequent revaluations of investment property and owner-occupied property, this matter continues to affect the financial statements for the year ended 31 March 2024.

Inappropriate opening balances on system re-implementation

On 1 October 2023, the Company performed an accounting system re-implementation with a view to reconfigure the currency data base in the system. This resulted in significant discrepancies between the opening balances in the new data base as at 1 October 2023 and the balances carried forward as at 30 September 2023 from the old data base. These discrepancies resulted in misstatement in trade and other receivables, prepayments, other payables and inventory.

We were not able to determine whether any adjustments might be necessary to the financial statements to take account of the effects of the inappropriate take on balances.

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.

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



INDEPENDENT AUDITORS' REPORT (cont'd)

Auditor's responsibilities for the audit of the annual 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 group audit 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 the 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.

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.

INDEPENDENT AUDITORS' REPORT (cont'd)

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the Basis for Adverse 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 (Chapter 24:31).

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

6 September 2024

STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

		Inflation adjusted		Historical cost	
		2024	2023	2024	2023
	Notes	ZWL	ZWL	ZWL	ZWL
Assets					
Non-current assets					
Property , plant and equipment	4	337 324 944 714	338 900 409 926	10 557 588 963	10 716 118 096
Intangible assets	5	461 537 508	613 786 463	1 756 395	3 443 301
Investment property	6	54 903 309 270	54 903 309 270	1 784 402 741	1 784 402 741
Other financial assets	7	127 523 248	73 357 145	56 550 271	2 384 168
Right of use asset	8	9 982 724 079	10 748 913 689	156 742 565	53 514 926
		402 800 038 819	405 239 776 493	12 557 040 935	12 559 863 232
Current assets					
Inventories	9	106 974 116 791	34 247 575 085	19 743 016 039	1 102 859 142
Trade and other receivables	10	4 585 968 527	2 816 092 538	4 585 968 527	91 525 325
Prepayments		483 701 913	4 690 006 055	403 084 924	151 055 658
Bank and cash balances	22	2 042 887 459	1 083 087 463	2 042 887 459	35 201 234
Corporate tax asset		62 568 369	-	62 568 369	-
		114 149 243 059	42 836 761 141	26 837 525 318	1 380 641 359
Total assets		516 949 281 878	448 076 537 634	39 394 566 253	13 940 504 591
Equity and liabilities					
Equity					
Share capital	13	146 067 224	146 067 224	25 387	25 387
Share premium		131 447 040	131 447 040	22 846	22 846
Available for sale reserve		(271 648 225)	(271 648 225)	2 360 356	2 360 356
Revaluation reserve		307 079 250 994	307 079 250 994	10 600 498 817	10 600 498 817
Retained earnings		115 262 277 001	23 869 202 320	(30 261 610 080)	293 202 076
		422 347 394 034	330 954 319 353	(19 658 702 674)	10 896 109 482
Non-current liabilities					
Deferred tax	14	36 540 255 836	40 247 335 444	991 636 919	545 898 141
Lease liabilities	8	2 404 045 136	5 566 529 322	2 404 045 136	180 916 785
		38 944 300 972	45 813 864 766	3 395 682 055	726 814 926
Current liabilities					
Trade and other payables	16	27 998 933 728	39 827 798 434	27 998 933 728	1 294 436 230
Corporate tax payable		-	136 147 396	-	4 424 904
Short term borrowings	15.1	27 658 653 144	31 344 407 685	27 658 653 144	1 018 719 049
		55 657 586 872	71 308 353 515	55 657 586 872	2 317 580 183
Total liabilities		94 601 887 844	117 122 218 281	59 053 268 927	3 044 395 109
Total equity and liabilities		516 949 281 878	448 076 537 634	39 394 566 253	13 940 504 591



Mr. R.J. Moyo
CHAIRMAN

6 September 2024



Mr. B.P.H. Samudzimu
MANAGING DIRECTOR

6 September 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Notes	Inflation adjusted		Historical cost	
		2024 ZWL	2023 ZWL	2024 ZWL	2023 ZWL
Revenue	17	259 669 312 134	133 291 869 920	38 889 910 944	3 637 038 411
Cost of sales		(154 354 910 823)	(57 539 071 935)	(20 429 330 791)	(1 575 673 605)
Gross profit		105 314 401 311	75 752 797 985	18 460 580 153	2 061 364 806
Other income	18	8 046 526 947	3 560 947 572	1 063 547 250	102 094 751
Exchange loss	12.1	(25 219 637 060)	(36 062 330 645)	(26 535 147 927)	(928 191 947)
Fair value adjustments on investment property		-	33 113 744 495	-	1 644 298 575
Operating expenses	12	(114 067 062 546)	(66 775 804 891)	(18 774 487 450)	(1 733 381 650)
(Loss)/ Profit from operations		(25 925 771 348)	9 589 354 516	(25 785 507 974)	1 146 184 535
Net finance costs		(13 350 123 078)	(16 842 164 820)	(4 323 565 404)	(497 177 336)
Monetary gain/(loss)		126 961 889 498	(5 906 993 203)	-	-
Profit/(loss) before tax		87 685 995 072	(13 159 803 507)	(30 109 073 378)	649 007 199
Income tax expense	20	3 707 079 609	(4 600 151 377)	(4 445 738 778)	(389 343 087)
Profit/(loss) for the year		91 393 074 681	(17 759 954 884)	(30 554 812 156)	259 664 112
Other comprehensive income					
Fair value gain on investments through other comprehensive	7	-	20 912 471	-	2 044 215
Revaluation surplus		-	182 914 273 976	-	9 802 133 604
Total comprehensive income/ (loss) for the year		91 393 074 681	165 175 231 563	(30 554 812 156)	10 063 841 931
Number of shares in issue		253 872 420	253 872 420	253 872 420	253 872 420
Basic earnings per share (cents)	21	36 000	(6 996)	(12 035)	102
Diluted earnings per share (cents)	21	36 000	(6 996)	(12 035)	102
Headline earnings per share (cents)	21	36 000	(6 996)	(12 035)	102

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

INFLATION ADJUSTED

Notes	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Available for Sale reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 April 2022	146 067 224	131 447 040	124 164 977 018	(292 560 712)	41 642 097 390	165 792 027 960
Prior period adjustment (note 4.2)	-	-	-	-	(12 940 186)	(12 940 186)
Total comprehensive income/(loss) for the year	-	-	182 914 273 976	20 912 487	(17 759 954 884)	165 175 231 579
Balance at 31 March 2023	146 067 224	131 447 040	307 079 250 994	(271 648 225)	23 869 202 320	330 954 319 353
Total comprehensive income for the year	-	-	-	-	91 393 074 681	91 393 074 681
Balance as at 31 March 2024	146 067 224	131 447 040	307 079 250 994	(271 648 225)	115 262 277 001	422 347 394 034

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

HISTORICAL COST

Notes	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Available for Sale reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 April 2022	25 387	22 846	798 365 213	316 141	33 958 531	832 688 118
Prior period adjustment (note 4.2)	-	-	-	-	(420 567)	(420 567)
Total comprehensive income for the year	-	-	9 802 133 604	2 044 215	259 664 112	10 063 841 931
Balance at 31 March 2023	25 387	22 846	10 600 498 817	2 360 356	293 202 076	10 896 109 482
Total comprehensive income/(loss) for the year	-	-	-	-	(30 554 812 156)	(30 554 812 156)
Balance as at 31 March 2024	25 387	22 846	10 600 498 817	2 360 356	(30 261 610 080)	(19 658 702 674)

STATEMENT OF CASH FLOWS

for the year ended 31 March 2024

	Notes	Inflation adjusted		Historical cost	
		2024	2023	2024	2023
		ZWL	ZWL	ZWL	ZWL
Cash flows from operating activities					
Profit/(Loss) before tax		87 685 995 072	(13 159 803 507)	(30 109 073 378)	649 007 199
Adjusted for:					
Depreciation of property, plant and equipment	4	1 615 284 261	5 455 366 148	192 124 684	14 772 083
Depreciation of right of use assets	8	71 465 413	637 917 918	27 384 320	18 894 583
Amortisation of intangible assets	5	152 248 955	106 999 220	1 686 906	960 033
Fair value gain on investment property	6	-	(33 113 744 495)	-	(1 644 298 575)
Profit on disposal of equipment		-	(111 735 509)	-	(2 846 060)
Unrealized exchange loss	12.1	31 063 484 294	8 408 625 818	31 063 484 294	287 022 832
Finance cost-lease liability	8	63 112 566	514 148 168	63 112 566	14 222 578
Finance costs		13 287 010 512	16 328 016 652	4 260 452 838	482 954 758
Monetary (gain)/loss		(126 961 889 498)	5 906 993 203	-	-
Operating cash flows before working capital changes		6 976 711 575	(9 027 216 384)	5 499 172 230	(179 310 569)
Changes in working capital					
(Increase)/decrease in inventory		(72 726 541 706)	5 838 133 501	(18 640 156 897)	(777 879 746)
Increase in trade and other receivables		(1 769 875 989)	(1 811 909 473)	(4 494 443 202)	(76 347 030)
(Increase)/ decrease in prepayments		4 206 304 142	(4 286 921 128)	(252 029 266)	(151 055 658)
(Decrease)/Increase in trade and other payables		(11 828 864 706)	24 853 963 387	26 704 497 498	1 140 657 810
Cash generated/(utilised) from operations		(75 142 266 685)	15 566 049 903	8 817 040 363	(43 935 193)
Income tax paid		(117 790 349)	(486 817 367)	(117 790 349)	(12 976 134)
Net cash utilised from operating activities		(75 260 057 034)	15 079 232 536	8 699 250 014	(56 911 327)
Cash flows from investing activities					
Purchase of property, plant and equipment	4;4.2	(39 819 049)	(3 757 751 619)	(34 016 118)	(124 624 573)
Purchase of intangible asset	5	-	(68 771 816)	-	(2 036 962)
Proceeds from disposals		-	115 159 730	-	2 933 280
Net cash utilised in investing activities		(39 819 049)	(3 711 363 705)	(34 016 118)	(123 728 255)
Cash flows from financing activities					
Loan raised	15.2	14 764 140 144	29 292 488 926	14 764 140 144	952 030 000
Loan repayments	15.2	(16 506 203 201)	(6 407 975 561)	(16 506 203 201)	(208 264 480)
Principal paid on lease liability	8.2	(655 031 774)	(1 776 561 069)	(655 031 774)	(57 739 697)
Finance costs		(13 287 010 512)	(16 328 016 652)	(4 260 452 840)	(482 954 757)
Net cash generated from financing activities		(15 684 105 343)	4 779 935 643	(6 657 547 671)	203 071 066
Net increase/(decrease) in cash and cash equivalents		(90 983 981 426)	16 147 804 474	2 007 686 225	22 431 484
Cash and cash equivalents at beginning of the year		1 083 087 463	1 150 003 321	35 201 234	12 769 750
Effects of inflation		91 943 781 422	(16 214 720 334)	-	-
Cash and cash equivalents at end of year	22	2 042 887 459	1 083 087 463	2 042 887 459	35 201 234

NOTES TO THE FINANCIAL STATEMENTS

Accounting Policies for the year ended 31 March 2024

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 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

These financial statements have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 October 2018 as prescribed by the Public Accountants and Auditors Board (PAAB). In order to account for the rapid loss in the purchasing power of the local currency, hyperinflation accounting principles require transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period.

Since the adoption of IAS 29 on 1 October 2018, the company adopted the Reserve Bank of Zimbabwe consumer price index (CPI) as the general price index to prepare inflation adjusted financial statements. IAS 29 recommends the restatement of financial statements using a general price index to enhance comparability of financial statements reporting in the same hyperinflationary economy. As a result of S.I. 27 of 2023 and the provisions of IAS 29, the company estimated the consumer price index using the total consumption poverty line. Non-monetary assets and liabilities carried at historical cost have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period.

Monetary assets and liabilities; and non-monetary assets and liabilities carried at revalued amounts or linked by agreement to changes in prices have not been restated as they are presented at the measuring unit current at the end of the reporting period.

Items recognised in the statement of profit or loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment was recognised in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

IAS 29 paragraph 17 permits the use of an estimate-based price index in circumstances where the rate is not available. In the absence of the official ZWL Indices the Company opted to use the Total Consumption Poverty Line to estimate the CPIs. The conversion factors used to restate the financial statements at 31 March 2024 are as follows:

Prior	Apr	May	Jun	Jul	Aug	Sept
Year	2023	2023	2023	2023	2023	2023
30.778	27.727	22.947	10.049	9.204	10.061	9.598

Prior	Oct	Nov	Dec	Jan	Feb	Mar
Year	2023	2023	2023	2024	2024	2024
30.778	8.720	7.961	6.533	4.605	1.658	1.000

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 2024 are restated by applying the change in the index from 31 March 2023 to 31 March 2024.
- Gains and losses arising from the net monetary position are included in the statement of profit or loss and other 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 2024. 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, interpretations and amendments effective from 1 January 2023, and that have had a material impact on the company.

2.3.1 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Accounting Policies for the year ended 31 March 2024

2.3.2 Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

2.3.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

2.3.4 Amendments to IAS 16 – Property, Plant and Equipment— Proceeds before intended use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'.

IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

b) New standards, interpretations and amendments not yet effective and not early adopted

2.3.5 Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS 'standards that have been issued but are not yet effective.

The amendments require additional disclosures that complement the existing disclosures in these two standards. They require entities to disclose

- the terms and conditions of the arrangement;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position;

- ranges of payment due dates; and
- liquidity risk information.

Effective date
1 January 2024

2.3.6 Amendments to IAS 21 – Lack of exchangeability

The amendments introduce a two-step approach:

Assessing exchangeability: An entity determines whether a currency is exchangeable into another currency.

Estimating exchange rate: If not, the exchange rate is estimated to reflect the rate at which an orderly transaction would take place between market participants under prevailing economic conditions.

Effective date
1 January 2025

2.4 Revenue

Revenue arises mainly from sale of goods and rendering of services such as retreading of tyres, retailing of new tyres, tyre fitment and related services.

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

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

The Company often enters into customer contracts to supply products and services. The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

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.

Revenue for over-time contracts is recognised on a time-and-materials basis as services are provided and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance. For the point-in-time contracts, materials and supplies are recognised as inventory and other directly attributable costs are initially recognised as contract fulfilment assets. These costs are expensed on delivery and acceptance (i.e. when the related revenue is recognised).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Accounting Policies for the year ended 31 March 2024

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.

2.4.6 Other Income

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

2.5 Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

2.6 Property, plant and equipment

Land and buildings

Land and buildings owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Plant and equipment

Plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Plant and machinery, computer equipment, furniture and fittings are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and machinery, computer equipment and furniture and fittings. The following useful lives are applied:

Buildings	40 Years
Plant and machinery	5 Years
Motor Vehicles	5 Years
Computer equipment	4 Years
Furniture and fittings	3 Years

Land is not depreciated.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

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.

2.6.1 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.

2.6.2 De-recognition of property, plant and equipment

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

2.7 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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Accounting Policies for the year ended 31 March 2024

2.7.1 Cost model

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

2.8 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

2.9 Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model. Investment properties are revalued after every two (2) years with resulting gains and losses recognised in profit or loss.

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.

2.10 Inventories

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realisable value, after making allowance for obsolete inventory. Net realisable value is the expected selling price in the ordinary course of business minus any costs of completion, disposal, and transportation. The basis of determining cost is the weighted average method.

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

2.11 Leases

The entity assesses at contract inception whether a contract 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 a consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Initial Recognition

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rate. Lease payments included in the lease liability include:

- fixed payments and in-substance fixed payments during the term of the lease;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The right of use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and dismantling costs, less any lease incentives received.

Subsequent measurement

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method.

It is remeasured when:

- there is a change in the residual value guarantee;
- there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase);
- the Company's assessment of the lease term changes;
- lease modifications occur that are not treated as separated leases;

Any change in the lease liability as a result of these changes also results in a corresponding change in the right of use asset.

Right of use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

Lease modification

The Company accounts for a change in the scope of a lease or the consideration for a lease that was not part of the original terms and conditions of the lease either as a separate lease or by decreasing the carrying amount of the lease liability.

Lease modifications are accounted for as separate leases if the following conditions are met:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Accounting Policies for the year ended 31 March 2024

2.11 Leases (continued)

Lease modifications that are not accounted for as separate lease modifications are accounted as follows:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. National Tyre Services Limited recognises in profit or loss any gain or loss relating to the partial or full termination of the lease.
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

2.12 Employee Benefits

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment. The classification, recognition and measurement of these employee benefits is as follows:

a) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Company's short term employee benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid.

The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Company recognizes the expected cost of bonuses only when the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

b) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefits comprise retirement benefits that are provided for Company employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA), which is also a defined contribution fund from the Company's perspective.

Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service. The Company has no liability for Post-employment Retirement Benefit Funds once the current contributions have been paid at the time the employees render service. During the year the Company contributed to the Company defined contribution fund and to the NSSA scheme.

2.12 Financial Instruments

2.12.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, at amortised cost or financial assets at fair value through OCI. The classification depends on both;

- the Company's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

The Company's accounting policy for each category of financial asset held is as follows:

Amortised cost

Financial assets are classified at amortised cost if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances. Interest income and gains and losses from financial assets at amortised cost are recognised in statement of profit or loss as financial income. The Company's financial assets measured at amortised cost include trade and other receivables and cash and cash equivalents.

Financial assets at fair value through other comprehensive income "OCI"

The Company accounts for financial assets at fair value through OCI if the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance in the fair value through OCI reserve is reclassified to profit or loss. The Company's financial assets at fair value through OCI consist of timeshare investments.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

b) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either or
 - a) the Company has transferred substantially all the risks and rewards of the asset,
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

c) Impairment of financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Accounting Policies for the year ended 31 March 2024

2.12.2 Financial liabilities

The Company's financial liabilities include trade and other payables and borrowings.

a) Recognition and measurement

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method "EIR". Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

b) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown separate from borrowings in current liabilities on the statement of financial position.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and a reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.15 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are expensed in the period in which they are incurred.

2.16 Deferred Tax

Deferred tax is set aside on the full liability basis in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from:

- a) the initial recognition of goodwill; or
- b) the initial recognition of an asset or liability in a transaction which:
 - i) is not a business combination; and
 - ii) at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

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. 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.

3. Significant accounting judgements, estimates and assumptions

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 estimates which may be material to the financial statements. Significant judgments include:

3.1 Trade and other receivables

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. In determining these probabilities and whether an impairment loss should be recorded 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 trade and other receivables.

3.2 Impairment testing

The company assesses its assets for impairment at each reporting date. Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

3.3 Provisions and contingent liabilities

The company reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the company's management as to how it will respond to the litigation, claim or assessment.

3.4 Useful life and residual values of property, plant and equipment

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Accounting Policies for the year ended 31 March 2024

3.5 Going concern

The company assesses its going concern status at each reporting date. Going concern assessment is an area involving management's judgement on the Company's future revenue, cashflows and the country's economic conditions.

3.6 Hyperinflation

In July 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial reporting Interpretations Committee ("IFRIC") 7 as if the economy has been in hyperinflation from 1 January 2019.

The financial statements (including comparative amounts) of the company, whose functional currency is the currency of hyperinflationary economy, are adjusted in terms of the measuring unit current at the end of the reporting period.

The carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses were recognised directly in equity.

Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the income statement are restated by applying the change in the general price index (CPI) from the dates when the items of income and expenses were initially earned or incurred.



The
quality
of a tyre
is in its
tread.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

4. PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED

	Land ZWL	Buildings ZWL	Lease Improvements ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Computer vehicles ZWL	Furniture & Fittings vehicles ZWL	Total ZWL
Carrying amount at 31 March 2022	26 910 432 727	118 339 219 769	742 496 827	6 287 151 366	1 586 899 780	1 873 382 184	416 998 832	156 156 581 485
Gross carrying amount-cost/ valuation	26 910 432 727	122 274 212 129	760 399 758	11 997 509 755	4 206 281 874	3 504 696 255	918 108 557	170 571 641 055
Accumulated depreciation	-	(3 934 992 360)	(17 902 931)	(5 710 358 389)	(2 619 382 094)	(1 631 314 071)	(501 109 725)	(14 415 059 570)
Revaluation	70 532 596 611	112 381 677 324	-	-	-	-	-	182 914 273 935
Additions	-	-	-	1 057 510 579	3 433 136 019	122 442 982	7 341 096	4 620 430 676
Prior period adjustment (note 4.2)	-	-	-	862 679 056	-	-	-	862 679 056
Disposals	-	-	-	-	(402 715 010)	-	-	(402 715 010)
Disposal on accumulated depreciation	-	-	-	-	217 466 122	-	-	217 466 122
Disposals accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(2 598 326 996)	(16 156 452)	(1 417 142 664)	(762 068 700)	(537 965 338)	(123 706 002)	(5 455 366 152)
Depreciation charge for the year (note 4.2)	-	-	-	(12 940 186)	-	-	-	(12 940 186)
Carrying amount as at 31 March 2023	97 443 029 338	228 122 570 107	726 340 376	6 777 258 151	4 072 718 190	1 457 859 838	300 633 926	338 900 409 926
Gross carrying amount-cost/ valuation	97 443 029 338	228 122 570 107	760 399 759	13 917 699 390	7 236 702 852	3 627 139 237	925 449 653	352 032 990 336
Accumulated depreciation	-	-	(34 059 383)	(7 140 441 239)	(3 163 984 662)	(2 169 279 399)	(624 815 727)	(13 132 580 410)
Additions	-	-	-	1 600 593	-	37 452 714	765 742	39 819 049
Depreciation charge for the year	-	(157 551 140)	(8 078 225)	(711 198 063)	(415 111 794)	(268 310 855)	(55 034 184)	(1 615 284 261)
Carrying amount at 31 March 2024	97 443 029 338	227 965 018 967	718 262 151	6 067 660 681	3 657 606 396	1 227 001 697	246 365 484	337 324 944 714
Gross carrying amount-cost/ valuation	97 443 029 338	227 965 018 967	760 399 759	13 919 299 983	7 236 702 852	3 664 591 951	926 215 395	351 915 258 245
Accumulated depreciation	-	-	(42 137 608)	(7 851 639 302)	(3 579 096 456)	(2 437 590 254)	(679 849 911)	(14 590 313 531)

HISTORICAL COST

	Land ZWL	Buildings ZWL	Lease Improvements ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Computer vehicles ZWL	Furniture & Fittings vehicles ZWL	Total ZWL
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
Prior period adjustment (note 4.2)	-	-	-	28 037 779	-	-	-	28 037 779
Disposals	-	-	-	-	(196 000)	-	-	(196 000)
Gross carrying amount-cost/ valuation	-	-	-	-	-	-	-	-
Disposals accumulated depreciation	-	-	-	-	108 780	-	-	108 780
Depreciation charge for the year	-	-	(36 787)	(2 128 816)	(9 183 672)	(3 071 628)	(351 180)	(14 772 083)
Depreciation charge for the year (note 4.2)	-	-	-	(420 567)	-	-	-	(420 567)
Carrying amount at 31 March 2023	3 166 978 656	7 414 171 291	1 653 735	68 564 947	55 380 444	8 199 445	1 169 578	10 716 118 096
Gross carrying amount-cost/ valuation	3 166 978 656	7 414 171 291	1 731 186	74 281 687	66 434 938	13 842 545	1 902 663	10 739 342 966
Accumulated depreciation	-	-	(77 451)	(5716 740)	(11054 494)	(5643 100)	(733 085)	(23 224 870)
Additions	-	-	-	1 504 667	-	31 694 514	816 937	34 016 118
Depreciation charge for the year	-	(157 551 140)	(36 788)	(12 823 571)	(11 882 126)	(9 405 495)	(425 564)	(192 124 684)
Carrying amount at 31 March 2024	3 166 978 656	7 256 620 151	1 616 947	56 825 477	43 498 318	30 488 463	1 560 951	10 557 588 963
Gross carrying amount-cost/ valuation	3 166 978 656	7 414 171 291	1 731 186	75 786 354	66 434 938	45 537 058	2 719 600	10 773 359 083
Accumulated depreciation	-	(157 551 140)	(114 239)	(18 960 877)	(22 936 620)	(15 048 595)	(1 158 649)	(215 770 120)

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

4.2 PRIOR PERIOD ERROR

During our review of non-current assets we identified an error in the plant and machinery closing balance as at 31 March 2023 resulting in opening balances as at 1 April 2024 being affected. An adjustment was necessary to correct the error in the prior period's financial information as the error had emanated from asset additions which were recorded in the incorrect accounting period.

The effect of the restatement on those financial statements is summarised below:

	Effective on 31 March 2023
	ZWL
Increase in property, plant and machinery	28 037 779
Plant and machinery accumulated depreciation:	
Increase in accumulated depreciation	(420 567)
Trade and other payables:	
Increase in trade and other payables	(28 037 779)
Statement of profit and loss and other comprehensive income	
Increase in depreciation expense	420 567

5. Intangible assets

	Inflation Adjusted			Historical Cost		
	Computer software ZWL	Marketing concept ZWL	Total ZWL	Computer software ZWL	Marketing concept ZWL	Total ZWL
Carrying amount at 31 March 2022	646 280 551	5 733 316	652 013 867	2 366 289	83	2 366 372
Gross carrying amount	1 808 372 711	28 759 471	1 837 132 182	2 732 427	5 000	2 737 427
Accumulated amortisation	(1 162 092 160)	(23 026 155)	(1 185 118 315)	(366 138)	(4 917)	(371 055)
Additions	68 771 816	-	68 771 816	2 036 962	-	2 036 962
Amortisation charge for the year	(106 999 220)	-	(106 999 220)	(960 033)	-	(960 033)
Carrying amount at 31 March 2023	608 053 147	5 733 316	613 786 463	3 443 218	83	3 443 301
Gross carrying amount	1 877 144 527	28 759 471	1 905 903 998	4 769 389	5 000	4 774 389
Accumulated amortisation	(1 269 091 380)	(23 026 155)	(1 292 117 535)	(1 326 171)	(4 917)	(1 331 088)
Amortisation charge for the year	(146 515 639)	(5 733 316)	(152 248 955)	(1 686 823)	(83)	(1 686 906)
Carrying amount at 31 March 2024	461 537 508	-	461 537 508	1 756 395	-	1 756 395
Gross carrying amount	1 877 144 527	28 759 471	1 905 903 998	4 769 389	5 000	4 774 389
Accumulated amortisation	(1 415 607 019)	(28 759 471)	(1 444 366 490)	(3 012 994)	(5 000)	(3 017 994)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

6. Investment property

	Inflation Adjusted ZWL	Historical Cost ZWL
Carrying amount at 31 March 2022	21 789 564 775	140 104 166
Fair value gain	33 113 744 495	1 644 298 575
Carrying amount at 31 March 2023	54 903 309 270	1 784 402 741
Monetary gain	-	-
Carrying amount at 31 March 2024	54 903 309 270	1 784 402 741

7. Investments

	Inflation Adjusted			Historical Cost		
	At fair value ZWL	At cost ZWL	Total ZWL	At fair value ZWL	At cost ZWL	Total ZWL
Balance at 31 March 2022	52 444 674	-	52 444 674	339 953	-	339 953
Fair value gain	20 912 471	-	20 912 471	2 044 215	-	2 044 215
Balance at 31 March 2023	73 357 145	-	73 357 145	2 384 168	-	2 384 168
Exchange rate movement	54 166 103	-	54 166 103	54 166 103	-	54 166 103
Balance at 31 March 2024	127 523 248	-	127 523 248	56 550 271	-	56 550 271

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 2024

8. Right of use assets and leases

8.1 Right of use assets

	Inflation Adjusted		Historical Cost	
	2024 ZWL	2023 ZWL	2024 ZWL	2023 ZWL
Opening balance	10 748 913 688	9 031 720 634	53 514 926	2 653 133
Right of use reassessment	(694 724 196)	2 355 110 973	130 611 959	69 756 376
Depreciation	(71 465 413)	(637 917 918)	(27 384 320)	(18 894 583)
Closing balance	9 982 724 079	10 748 913 689	156 742 565	53 514 926

8.2 Lease liabilities

Opening balance	5 566 529 322	1 032 425 730	180 916 785	11 464 157
Monetary gain	(5 385 612 537)	(756 232 848)	-	-
Initial Recognition	622 156 866	-	622 156 866	-
Exchange loss	2 201 007 155	-	2 201 007 155	-
Finance cost	63 112 566	514 148 168	63 112 566	14 222 578
Lease payments	(655 031 774)	(1 776 561 069)	(655 031 774)	(57 739 697)
Restatement	(8 116 462)	6 552 749 341	(8 116 462)	212 969 747
Closing balance	2 404 045 136	5 566 529 322	2 404 045 136	180 916 785

8.3 Short term lease expense

758 290 170	331 970 877	99 455 650	8 960 200
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9. Inventories

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Tyres	84 654 272 558	32 229 248 675	16 543 980 945	1 039 909 279
Rubbber and patches	11 263 857 541	1 825 248 868	2 685 597 560	58 893 499
Other consumables	11 055 986 692	193 077 542	513 437 534	4 056 364
	106 974 116 791	34 247 575 085	19 743 016 039	1 102 859 142

10. Trade and other receivables

	Inflation Adjusted		Historical Cost	
	2024 ZWL	2023 ZWL	2024 ZWL	2023 ZWL
Trade receivables	2 789 893 257	2 369 539 992	2 789 893 257	77 012 000
Other receivables	1 956 559 381	456 127 811	1 956 559 381	14 824 529
Allowance for credit losses	(160 484 111)	(9 575 265)	(160 484 111)	(311 204)
	4 585 968 527	2 816 092 538	4 585 968 527	91 525 325
Prepayments	483 701 913	4 690 006 055	403 084 924	151 055 658
Total	5 069 670 440	7 506 098 593	4 989 053 451	242 580 983

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 2024

11. Impairment of trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. 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.

Default Rates

Default rates are defined as the percentage of receivables that are expected to be uncollectible. The Company calculates default rates based on historical data and adjusts for forward-looking information. The default rates are reviewed and updated regularly to reflect current conditions and expectations.

At 31 March 2024 the lifetime expected credit loss provision for trade and other receivables is as follows:

	Current	1 to 30 days	31 to 90 days	90 - 120 days	More than 120 days past due	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Expected credit loss rate	0.09%	0.65%	9.17%	26.75%	100.00%	-
Gross carrying amount	3 584 955 556	3 075 705 231	94 021 189	22 323 686	122 672 233	6 899 677 894
Loss provision	3 226 460	19 992 084	8 621 743	5 971 586	122 672 233	160 484 106

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

Expected credit loss rate	0.00%	0.00%	4.60%	9.00%	83.55%	-
Gross carrying amount	11 425 986	10 237 956	1 145 948	-	309 411	23 119 301
Loss provision	-	-	52 714	-	258 513	311 226

12. Operating expenses

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Staff expenses	60 845 338 982	31 202 368 603	10 626 598 502	876 716 506
Administration expenses	51 382 724 935	29 373 152 995	7 926 272 442	808 311 191
Depreciation and amortisation	1 838 998 629	6 200 283 293	221 616 506	48 353 953
	114 067 062 546	66 775 804 891	18 774 487 450	1 733 381 650

12.1 Exchange gains and losses

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Exchange gains and losses				
Unrealized exchange losses	(31 063 484 294)	(8 408 625 818)	(31 063 484 294)	(287 022 832)
Realized exchange gain/ (losses)	5 843 847 234	(27 653 704 827)	4 528 336 367	(641 169 115)
	(25 219 637 060)	(36 062 330 645)	(26 535 147 927)	(928 191 947)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

13. Share capital

Authorised

400 000 000 ordinary shares of ZWL\$ 0.0001 each

Issued and fully paid

253 872 420 ordinary shares of ZWL\$ 0.0001 each

Inflation Adjusted		Historical Cost	
2024	2023	2024	2023
ZWL	ZWL	ZWL	ZWL
40 000	40 000	40 000	40 000
146 067 224	146 067 224	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

Accelerated wear and tear of intangible assets

Corporate tax payable

Lease liability

Right of use asset

Provisions

Inflation Adjusted		Historical Cost	
2024	2023	2024	2023
ZWL	ZWL	ZWL	ZWL
37 125 059 216	39 331 788 922	1 883 837 825	593 390 749
150 053 216	139 199 231	184 019	405 536
(62 568 369)	-	(62 568 369)	-
(594 279 958)	(1 389 000 339)	(619 041 622)	(45 143 654)
2 492 944 262	2 657 131 464	40 361 210	13 228 889
(2 570 952 531)	(491 783 834)	(313 704 513)	(15 983 379)
36 540 255 836	40 247 335 444	929 068 550	545 898 141

Reconciliation

Opening balance

Recognised through statement of profit or loss

Closing balance

40 247 335 444	35 963 551 333	545 898 141	166 837 251
(3 707 079 608)	4 283 784 111	445 738 778	379 060 890
36 540 255 836	40 247 335 444	991 636 919	545 898 141

15. Borrowings

15.1 Short term

FBC loan

Standard Chartered Bank

Bellerive

Ecobank

Radun Investments

27 658 653 144	31 344 407 685	27 658 653 144	1 018 719 049
4 116 213 075	11 056 423 332	4 116 213 075	359 342 859
6 616 642 140	8 583 105 707	6 616 642 140	278 958 000
1 150 177 640	260 715 551	1 150 177 640	8 473 470
4 547 048 450	-	4 547 048 450	-
11 228 571 839	11 444 163 095	11 228 571 839	371 944 720

Total borrowings

27 658 653 144	31 344 407 685	27 658 653 144	1 018 719 049
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Standard Chartered Bank loan

A short term loan facility, capped at USD 300 000, was obtained from Standard Chartered Bank for the purposes of funding working capital needs. The loan attracts interest at 15.7% per annum. USD 200 000 matures in August 2024 whilst the other USD 100 000 matures in September 2024. 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 18% per annum and matures on 31 October 2024. The facility is secured by land and buildings with a carrying amount of USD 3 000 000.

Ecobank Loan

A short term loan facility was obtained from Ecobank for the purposes of funding working capital needs. The loan attracts interest at 15.5% per annum and matures in March 2024. The facility is secured by land and buildings with a carrying amount of USD 750 000.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

15.2. Reconciliation of liabilities arising from financing activities

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Short term Borrowings				
Opening balance	31 344 407 685	4 540 606 101	1 018 719 049	147 573 436
Cashflow changes:				
Loan proceeds	14 764 140 144	29 292 488 926	14 764 140 144	952 030 000
Unrealised exchange rate loss	28 381 997 152	3 919 288 219	28 381 997 152	127 380 093
Loan repayments	(16 506 203 201)	(6 407 975 561)	(16 506 203 201)	(208 264 480)
Effects of inflation on opening balances	(30 325 688 636)	-	-	-
Closing balance	27 658 653 144	31 344 407 685	27 658 653 144	1 018 719 049

16. Trade and other payables

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Trade payables	10 415 366 292	9 779 272 963	10 415 366 292	317 834 420
Other payables:				
Bank overdraft	10 018 863 508	11 513 634 505	10 018 863 508	374 202 598
Other	6 882 965 040	17 180 534 713	6 882 965 040	558 381 519
	16 901 828 548	28 694 169 218	16 901 828 548	932 584 117
Provisions:				
Director's fees	519 032 930	530 376 510	519 032 930	17 237 673
Audit fees	162 705 958	823 979 743	162 705 958	26 780 020
	681 738 888	1 354 356 253	681 738 888	44 017 693
Total trade and other payables	27 998 933 728	39 827 798 434	27 998 933 728	1 294 436 230

Total financial liabilities classified as financial liabilities are measured at amortised cost

17. Revenue

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Sale of tyres	242 502 410 076	124 737 200 799	36 401 632 486	3 403 471 466
Rendering of services	17 166 902 058	8 554 669 121	2 488 278 458	233 566 945
	259 669 312 134	133 291 869 920	38 889 910 944	3 637 038 411

18. Other income

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Rental income	5 620 315 851	2 835 894 950	893 687 858	80 981 075
Sundry income	2 426 198 477	613 203 147	169 851 779	18 264 902
Interest	12 619	113 966	7 613	2 714
Profit on disposal of motor vehicle	-	111 735 509	-	2 846 060
	8 046 526 947	3 560 947 572	1 063 547 250	102 094 751

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

19. Profit before tax

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

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Income:				
Rental income	5 620 315 851	2 835 894 950	893 687 858	80 981 075
Expenses:				
Audit fees and expenses	1 067 032 749	823 979 743	247 953 676	26 780 020
Depreciation of property, plant and equipment, investment property and intangibles	(3 345 299 112)	6 200 283 293	221 616 426	48 353 953
Exchange losses on foreign transactions	(25 273 803 162)	36 062 330 645	(26 589 314 029)	928 191 947
Transport charges	2 621 023 260	1 002 539 905	397 534 818	29 158 535
Technical fees	1 371 346 288	2 462 029 938	95 942 039	71 433 021
Electricity and lighting	2 058 343 753	455 169 428	260 414 120	13 862 746
Operating lease rentals	758 290 170	331 970 877	99 455 650	8 960 200
Allowance for credit losses	(160 484 111)	(571 735 094)	(160 484 111)	(311 204)
Employee costs :				
Staff remuneration	60 845 338 982	31 202 368 603	10 626 598 502	876 716 506
Pension (National Social Security Authority)	440 028 961	508 307 006	303 468 249	14 282 286
Other defined contribution plans	158 560 082	472 490 827	105 706 721	13 275 931
Included in employee costs is Directors' remuneration of:				
Fees for services as Directors	1 736 336 213	652 726 993	494 520 780	18 164 917

20. Income tax

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Current	-	316 367 266	-	10 282 197
Deferred tax	(3 707 079 609)	4 283 784 111	445 738 778	379 060 890
	(3 707 079 609)	4 600 151 377	445 738 778	389 343 087
Tax rate reconciliation				
Profit before tax	87 685 995 072	(13 159 803 507)	(30 109 073 378)	649 007 199
Tax at statutory rate of 25.75%	22 579 143 731	(3 253 103 427)	(7 753 086 395)	160 434 580
Tax effect of: Non-deductible / (Non-taxable) items				
Fines	74	40 658 816	74	921 089
Staff Welfare-human resources	47 792 836	12 804 260	7 039 392	366 831
Teas	33 910 662	-	10 969 170	-
Interest (Lease)	16 251 486	127 097 427	16 251 486	3 515 821
Intermediated Money Transfer Tax (IMTT)	617 880 262	86 898 999	74 850 586	1 975 176
Excess management fees	347 248 612	430 684 200	19 823 656	12 415 508
Subscriptions	30 130 925	33 306 357	4 957 330	721 656
Currency translation gain	-	221 075 047	-	-
Other non-deductible/(non-taxable) items	(27 379 438 197)	6 900 729 698	8 064 933 479	208 992 425
	(3 707 079 609)	4 600 151 377	445 738 778	389 343 087

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

21. Earnings per share

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Profit from operations attributable to equity holders of the Company	91 393 074 681	(17 759 954 884)	(30 554 812 156)	259 664 112
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.

22. Cash and cash equivalents

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
For the purposes of the cash flow statement, cash and cash equivalents comprise of:				
Bank balances	805 288 658	383 006 516	805 288 658	12 448 027
Cash on hand	1 237 598 801	700 080 947	1 237 598 801	22 753 207
	2 042 887 459	1 083 087 463	2 042 887 459	35 201 234

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 ZWL105 706 721 (2023: ZWL406 829).

23.2 National Social Security Authority

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 1 744 906 per employee. Contributions during the year were ZWL303 468 249.

24. Related Party Information

24.1	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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

24.2 Related party transactions

The following represents transactions with related parties during the year

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Related party				
Simply Africa (Private) Limited	91 996 900	2 197 883 325	91 996 900	71 433 017
Related party payables				
Simply Africa (Private) Limited	167 467 213	3 106 892 527	167 467 213	100 976 564

Simply Africa provides technical assistance to the Company. The Simply Africa related party payable relates to charges of 2% on revenues and the payable is not secured.

Radun Investments	11 228 571 839	11 444 163 095	11 228 571 839	371 944 720
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The Radun Investments related party is a loan of USD400 000 and attracts interest at a rate of 16,5% per annum.

Compensation to key management personnel

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

Key management

Short term benefits	1 510 827 589	819 650 227	1 007 218 393	23 164 615
Post-employment benefits	3 039 044	762 596	2 026 029	21 553
	1 513 866 633	820 412 823	1 009 244 422	23 186 168

25. Financial Instruments - Risk Management

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

Credit risk
Liquidity risk
Foreign exchange risk and interest rate risk

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:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

	Inflation Adjusted		Historical Cost	
	Armotised cost	Armotised cost	Armotised cost	Armotised cost
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Financial assets				
Bank and cash balances	2 042 887 459	1 083 087 463	2 042 887 459	35 201 234
Trade and other receivables	4 585 968 527	2 816 092 538	4 585 968 527	91 525 325
Available-for-sale investments	(271 648 225)	(271 648 225)	2 360 356	2 360 356
	6 357 207 761	3 627 531 776	6 631 216 342	129 086 915
Financial liabilities				
Trade and other payables	27 998 933 728	38 965 119 378	27 998 933 728	1 266 398 451
Borrowings	27 658 653 144	31 344 407 685	27 658 653 144	1 018 719 049
	55 657 586 872	70 309 527 063	55 657 586 872	2 285 117 500

26. 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 2024 based on contractual undiscounted payments:

	Inflation Adjusted				Total ZWL\$
	Up to 3 months ZWL\$	3 to 12 months ZWL\$	1 to 5 years ZWL\$	Over 5 years ZWL\$	
At 31 March 2024					
Trade and other payables	27 998 933 728	-	-	-	27 998 933 728
Short term borrowings	-	15 279 903 665	12 378 749 479	-	27 658 653 144
	27 998 933 728	15 279 903 665	12 378 749 479	-	55 657 586 872
	Historical Cost				Total ZWL\$
	Up to 3 months ZWL\$	3 to 12 months ZWL\$	1 to 5 years ZWL\$	Over 5 years ZWL\$	
At 31 March 2024					
Trade and other payables	27 998 933 728	-	-	-	27 998 933 728
Short term borrowings	-	15 279 903 665	12 378 749 479	-	27 658 653 144
	27 998 933 728	15 279 903 665	12 378 749 479	-	55 657 586 872

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the year ended 31 March 2024

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

	Inflation Adjusted		Historical Cost	
	2024	2023	2024	2023
	ZWL	ZWL	ZWL	ZWL
Share capital	146 067 224	146 067 224	25 387	25 387
Share premium	131 447 040	131 447 040	22 846	22 846
Available for sale reserve	(271 648 225)	(271 648 225)	2 360 356	2 360 356
Revaluation reserve	307 079 250 994	307 079 250 994	10 600 498 817	10 600 498 817
Retained earnings	115 262 277 001	23 869 202 320	(30 261 610 080)	293 202 076
	422 347 394 034	330 954 319 353	(19 658 702 674)	10 896 109 482

28. Capital expenditure commitments

Authorised but not contracted for	168 733 370	2 994 766 310	168 733 370	97 332 370
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The capital expenditure will be funded by a combination of the Company's own resources and local borrowings.

29. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 March 2024 reporting date and the date of authorisation of the financial statements.

30. Approval of financial statements

The financial statements were approved for issue on 6 September 2024 by the Board of Directors of the Company.

**High quality retreads.
High end performance.
High return on investment.**



ANALYSIS OF SHAREHOLDERS

MAJOR SHAREHOLDERS: TOP TEN AS AT 31 MARCH 2024			
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	17 411 952	6.86
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	1 635 907	0.62
10.	Mr. Li Ping Wang	1 074 800	0.42
Selected Shares		242 144 274	96.17
Non-Selected Shares		9 728 146	3.83
Issued Shares		253 872 420	100.00

ANALYSIS BY INDUSTRY AS AT 31 MARCH 2024				
Industry	Shares	Share %	Shareholders	Shareholders %
Local nominee	111 465 600	43.91	45	10.20
Local companies	87 896 879	34.62	31	7.03
Foreign companies	23,330,664	9.19	01	0.23
Foreign nominee	17 930 670	7.06	03	0.68
Pension funds	1 067 000	0.42	03	0.68
Local individual resident	10 543 360	4.15	320	72.56
New non-resident	779 859	0.31	21	4.76
Trusts	386 320	0.15	01	0.23
Deceased estates	175 968	0.07	06	1.36
Other investments and trust	152 458	0.06	03	0.68
Charitable	93 442	0.04	05	1.13
Foreign individual resident	50 200	0.02	02	0.45
Totals	253,872,420	100.00	441	100.00

ANALYSIS BY VOLUME AS AT 31 March 2024				
Range	Shares	Share %	Shareholders	Shareholders %
1-5000	406 485	0.16	235	53.29
5001-10000	532 502	0.21	69	15.65
10001-25000	990 414	0.39	60	13.61
25001-50000	1 208 684	0.48	30	6.80
50001-100000	1 252 041	0.49	17	3.85
100001-200000	751 260	0.30	05	1.13
200001-500000	4 444 107	1.75	12	2.72
500001-1000000	1 778 661	0.70	03	0.68
100001 and above	242 508 367	95.52	10	2.27
Totals	253,872,420	100.00	441	100.00



National Tyre Services Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixty-second Annual General Meeting (AGM) of National Tyre Services Limited ("the Company") will be held virtually via <https://escrowagm.com/eagmZim/Login.aspx> on Wednesday, 30 October 2024 at 14:15 hours to conduct 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 2024 together with the reports of the Directors and Auditors.

2. Directorate

- 2.1 To note the resignation of Mr. Benson Philip Hlungupi Samudzimu effective 30 September 2024 and Ms. Violet Masunda and Ms. Dumisani Mashingaidze both effective 31 August 2024.
- 2.2 In terms of the Company's Articles of Association, Mr. Shepherd Shonhiwa 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. Stewart Ngoni Mandimika 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 2024.

4. Auditors

To approve auditors' fees for the financial year ended 31 March 2024 and to re-appoint Grant Thornton Chartered Accountants (Zimbabwe) as Auditors for the financial year ending 31 March 2025. 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

6 September 2024

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 corpserve@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 corpserve@escrowgroup.org of their email addresses and any change of postal address.
- (3) Members are hereby advised to use the dedicated Corpserve helpline on +263785194703 and +263775672740 for assistance with online eAGM processes.





National Tyre Services Limited

FORM OF PROXY



For use at the 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, 30 October 2024 at 14.15 hours

I/We (name in block letters).....
of.....
being a member of National Tyre Services Limited and entitled tovotes,
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 2024 together with Directors' and Auditors' reports. | ☐ For | ☐ Against | ☐ Abstain |
| 2.1 | To note the resignation of Mr. B.P.H. Samudzimu, Ms. V. Masunda and Ms. D. Mashingaidze. | | | |
| 2.2 | Re-election of Mr. S. Shonhiwa. | ☐ For | ☐ Against | ☐ Abstain |
| 2.3 | Re-election of Mr. S. N. Mandimika | ☐ For | ☐ Against | ☐ Abstain |
| 3. | To approve Directors' fees for the year ended 31 March 2024. | ☐ For | ☐ Against | ☐ Abstain |
| 4. | To approve auditors' fees for the year ended 31 March 2024 and to re-appoint Grant Thornton as auditors for the ensuing year. | ☐ For | ☐ Against | ☐ Abstain |

Full name:

Signature:

Dated thisday of2024

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 corpserve@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 corpserve@escrowgroup.org of their email addresses and any change of postal address.
- (3) Members are hereby advised to use the dedicated Corpserve helpline on +263785194703 and +263775672740 for assistance with online eAGM processes.





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