Dawn Properties Limited

# ANNUAL REPORT

2014

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The financial statements are expressed in United States of America dollar ("US$").

# Group Profile

Dawn Properties Limited ("Dawn Properties" or the "Company"), formerly a wholly owned subsidiary of African Sun Limited, ("Afrisun"), was incorporated as a variable rate loan stock ("VRLS") company by converting its ordinary shares into linked units. As at 31 March 2014, Afrisun owned 16.54% of the Company enabling Dawn Properties to have an independent existence and vision. The core business of the Company, which is incorporated and domiciled in Zimbabwe, and its subsidiaries, (together "the Group") is that of owning hotel properties listed below and the land banks in Mazowe and Harare, Zimbabwe and provide property valuation, management, and consultancy services.

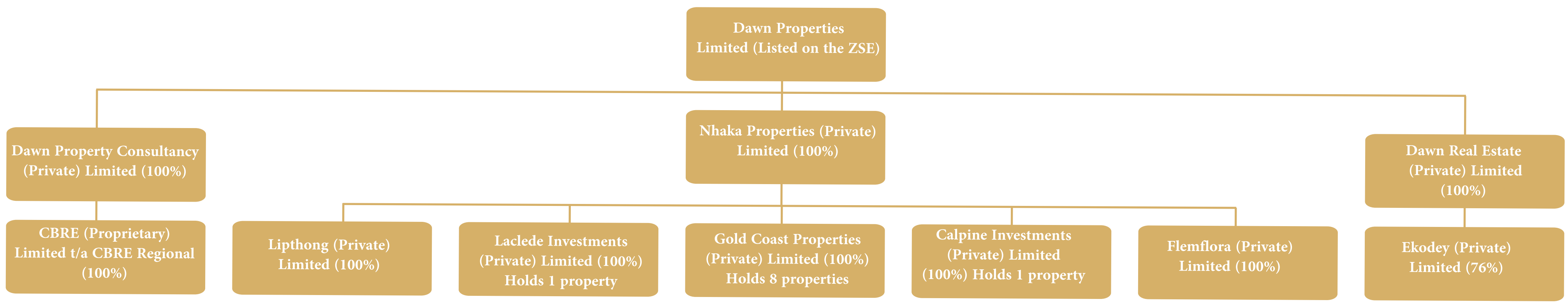
On 9 September 2003 Dawn Properties became the first VRLS investment property holding company to be listed on the Zimbabwe Stock Exchange. Dawn Properties provides investors with an opportunity to invest in a collection of sought after hotel properties. The counter is not only good inflation and currency hedge but also has the potential to generate strong cash flows and high yields.

Although the fact that the Group has a predominant tourism exposure is of concern to some investors, it is equally important to note that it is a sector that never ceases to attract the attention of international investors even in hard times. This probably gives the properties a premium ahead of other property classes such as industrial property, for example. Nevertheless, the Group has taken a view to diversify the portfolio at the earliest opportune time.

The Group is well represented in all our major tourist destinations as detailed below:

| Hotel properties | Rooms | Location |
|---|---|---|
| Carribea Bay Sun | 83 | Kariba |
| Carribea Bay Marina | n/a | Kariba |
| Crowne Plaza Monomotapa | 245 | Harare |
| Elephant Hills Resort and Conference Centre | 276 | Victoria Falls |
| Beitbridge Express | 104 | Beitbridge |
| Great Zimbabwe Hotel | 56 | Masvingo |
| Amber Hotel Mutare | 96 | Mutare |
| Hwange Safari Lodge | 106 | Hwange |
| Lake View Sun | 42 | Kariba |
| Troutbeck Sun | 70 | Nyanga |
| Brondensbury Park | 38 | Juliasdale |
| **Total rooms** | **1 116** | |

# Group Structure



# Vision, Mission and Values

## MISSION

To create sustainable value for stakeholders, which is consistently ahead of the industrial index. This is to be achieved by:

a)Investing in high yielding properties;

b)Optimising net rentals by drafting appropriate lease agreements and closely managing costs;

c)Ensuring that properties are properly maintained; and

d)Ensuring that adequate attention is given to risk management.

## VISION

To be a successful investment property holding and property development and consultancy services group.

## INVESTMENT POLICY

Dawn Properties intends to invest in a balanced portfolio in order to minimize risk associated with any one asset class and to increase the liquidity of the portfolio.

## CORE VALUES

**Employment equity**
We are committed to ensuring that employees are offered equal opportunities and appropriate participation.

**Integrity**
We conduct our business in an honest, fair and transparent manner.

**Passion**
We believe in our products and this drives all our innovations.

**Quality**
We are committed to the highest standards of delivery.

**Teamwork**
We believe in creating a happy work environment premised on teamwork.

**Environmental issues**
We are committed to safeguarding the environment for this and future generations. The assessment of environmental issues is therefore critical for all projects we are involved in. We are committed to complying with environmental, health and safety standards.

# Directorate and Management

**BUSINESS:**

The principal business of Dawn Properties Limited Dawn Properties or ("the Company") and its subsidiaries, (together the "Group") is that of owning investment property, providing property valuation, management and consultancy services.

**DIRECTORS:**

| | |
|---|---|
| **Chairman** | |
| P. Gwatidzo | (Chairman) |
| **Executive Director** | |
| J. Dowa | (Group Chief Executive Officer) (Appointed 1 June 2013) |
| **Non-Executive Directors** | |
| D. Goldwasser | (Non-Executive Director) (Alternate) |
| R. Makoni | (Non-Executive Director) |
| G. Manyere | (Non-Executive Director) (Resigned 14 May 2014) |
| M. Mukonoweshuro | (Non-Executive Director) |
| B. Ndebele | (Non-Executive Director) |
| I.R. Saunders | (Non-Executive Director) (Appointed 14 May 2014) |
| P. Matute | (Non-Executive Director) (Appointed 14 May 2014) |
| **Audit and Risk Committee** | |
| M. Mukonoweshuro | (Chairman) |
| R. Makoni | |
| G. Manyere | (Resigned 14 May 2014) |
| P. Matute | (Non-Executive Director) (Appointed 14 May 2014) |
| **Remuneration and Nominations Committee** | |
| B. Ndebele | (Chairman) |
| R. Makoni | |
| **Finance and Investments Committee** | |
| G. Manyere | (Chairman) (Resigned 14 May 2014) |
| P. Matute | (Non-Executive Director) (Appointed 14 May 2014) |
| B. Ndebele | (Non-Executive Director) (Appointed 1 June 2013) |
| I.R. Saunders | (Non-Executive Director) (Appointed 14 May 2014) |
| J. Dowa | |
| **Management** | |
| J. Dowa | (Group Chief Executive Officer) (Appointed 1 June 2013) |
| N. M. Tome | (Finance Executive) |

**SECRETARY:**

N.M. Tome

**REGISTERED OFFICE:**

8th Floor, Beverley Court
Corner 4th Street and Nelson Mandela Avenue
Box Cy1618, Causeway
Harare

**BANKERS**

Barclays Bank of Zimbabwe Limited
Kurima House
Harare

**INDEPENDENT AUDITOR:**

PricewaterhouseCoopers
Chartered Accountants (Zimbabwe)
Building No. 4, Arundel Office Park
Norfolk Road, Mt Pleasant, Harare

**LEGAL ADVISORS**

Scanlen and Holderness Legal Practitioners
Mundia and Mudhara Legal Practitioners
Gill, Godlonton and Gerrans

**TRANSFER SECRETARIES**

Corpserve Registrars (Private) Limited, 2nd Floor, ZB Centre
Corner First Street and Kwame Nkrumah Avenue,
Harare

# The Chairman's Statement

### Introduction

The economic and business environment for the period under review was challenging mainly due to liquidity constraints which negatively impacted disposable incomes and businesses' working capital.

### Financial Review

### Statement of comprehensive income

The Group achieved a turnover of US$5.5 million which is a 3% decline compared to last year. Operating expenses increased by 14% mainly due to the rebranding of the former CB Richard Ellis business to Dawn Property Consultancy (Private) Limited and maintenance expenses incurred at Elephant Hills Resort and Conference Centre in preparation for the UNWTO Conference. These expenses are not expected to recur. Profitability for the Group was US$2.3 million income before income tax including a fair value gain on investment property of US$1.1 million.

### Statement of financial position

The closing carrying amount of investment property was US$85,435,000. The cash and cash equivalents for the Group increased to US$1,604,770 compared to US$1,379,349 last year. Capital expenditure for the review period was US$685,298.

### Hotel portfolio

The rental income for the hotel portfolio was 7% down on prior year, a reflection of the decline in domestic tourism in the last six months of the review period as the effects of the cash crunch set in. Room occupancies reduced across the portfolio and revenues per available room came under enormous pressure.

Operating profit inclusive of the fair value gain increased by 93% to US$1,693,486. The fair value gain was driven primarily by the uplift in the value of the land at Marlborough as various stages of the town planning approval processes were completed. Although some of the fringe assets were marketed for sale during the period under review, insufficient progress was made with the exercise to warrant reclassifying them as non-currrent assets held for sale.

### Property consultancy

The property consultancy business re-branded from CB Richard Ellis (Private) Limited to Dawn Property Consultancy (Private) Limited as of 16 September 2013. A marginal increase was realised on turnover for the year under review. Operating profit for the year was 30% down from last year to US$ 561,540 largely because of the one off re-branding costs.

### Directors

Mr George Manyere resigned from the Board on 14 May 2014 after the financial year end. On behalf of the Board and myself, I thank him for his invaluable contribution and wish him well. Messrs Patrick Matute and Ian Saunders were appointed to the Board on 14 May 2014. I would like to take this opportunity to welcome them to the Board.

### Outlook

Plans to exploit the revenue generating potential of the land bank remain on course. The necessary approvals are now in the final stages. Growing the revenues will continue to be difficult unless the macro-economic environment improves significantly, therefore cost management, especially around the administration expenses will come into sharp focus in order to preserve profitability.

### Dividend

In line with the dividend policy of paying 25% of the cash operating profit the Directors have declared a final dividend of US0.00921 cents per share.

### Appreciation

I would like to extend my appreciation to management and staff for their commitment and continued efforts during the year and my fellow Board members for their wise counsel.

**Phibion Gwatidzo**
**Board Chairman**

# Dividend Declaration

**NOTICE IS HEREBY GIVEN** that on 14 May 2014, the Board of Directors declared a final dividend, No.1, of US 0.00121 cents which brings the total dividend for the year to US 0.00921 cents per linked unit payable out of the profits of the Group for the year ended 31 March 2014.

The dividend will be payable on or about 7 July 2014 in United States of America dollars to shareholders registered in the books of the Group at the close of business on 19 June 2014.

Shareholders are encouraged to submit bank details to Corpserve Transfer Secretaries (Private) Limited, 2nd Floor, ZB Centre, Corner 1st and Kwame Nkrumah Avenue, Harare so that dividends are paid directly into shareholders' bank accounts.

The share register of the Group will be closed from 20 to 22 June 2014, both dates inclusive.

**By Order of the Board**
**Nora M. Tome**

# Corporate Governance

Dawn Properties accepts and complies with the principles of the Code of Corporate Practices as enunciated in the King III Report. The directors are fully aware and cognisant of the importance of executing their duties in keeping with the principles of transparency, integrity, fairness and accountability and in accordance with accepted corporate practices in order to enhance the interests of its shareholders, employees and other stakeholders. This includes timely and meaningful reporting to all its stakeholders.

### Board of Directors

The Board currently comprises five non-executive and one executive director. The non-executive directors bring to the Board a wide range of skills and experience that enables them to contribute independent views and to exercise objective judgment in matters requiring the directors' decisions. The Board is responsible for the strategic direction of the Group, reviews the investment policy and approves all significant investments or dis-investments. The Board has ultimate responsibility for proper management, risk management in general compliance and ethical behaviour of the business. To achieve this, the Board has established three committees to give detailed attention to each specific area.

### Audit and Risk Committee

The committee has two mandates:

### Audit

**a)**To provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors to assist them in the discharge of their duties. The committee is required to provide assurance to the Board that adequate and appropriate financial operating controls are in place, that significant financial, business and other risks have been identified and are being suitably managed and that satisfactory standards of governance, reporting and compliance are in operation.

Its responsibility include overseeing the financial reporting process, reviewing audit processes, audit results and risk management, the cost effectiveness, independence and objectivity of the auditors and compliance issues.

### Risk

**b)**To identify, assess and manage the risks to which the business is exposed. The most significant risk is that of a single customer exposure. Others are single sectorial exposure, total or partial destruction of property and the replacement of electro mechanical gadgets. The Group is cautiously looking for opportunities to diversify its portfolio and this should give it a broader customer base. The tenant insures all properties at replacement values.

The Audit and Risk Committee comprises three non-executive Directors and the Chief Executive Officer attends the meetings by invitation. The independent external auditor has full access to the committee and its Chairman. The committee meets at least four times a year.

### Remuneration and Nominations Committee

The Remuneration Committee has the mandate to ensure that the Group adopts market related remuneration policies and reviews and approve remuneration for senior executives.

### Finance and Investment Committee

The Finance and Investment Committee makes recommendations to the Board on all material investments. It also reviews banking arrangements.

# Report of the Directors

## 31 MARCH 2014

The Directors have pleasure in presenting their report with the audited financial statements of the Group for the year ended 31 March 2014.

| Results for the year ended | 2014 US$ | 2013 US$ |
|---|---|---|
| Profit before income tax | 2 278 595 | 1 650 879 |
| Income tax expense | (118 502) | (88 379) |
| Profit from continuing operations | 2 160 093 | 1 562 500 |
| **Discontinued operations** | | |
| Loss for the year from discontinued operations | - | (1 311 053) |
| **Profit for the year** | **2 160 093** | **251 447** |

### Share capital

As at 31 March 2014 and 31 March 2013, the authorised share capital and debentures were 4 000 000 000 ordinary shares and 4 000 000 000 debentures., with nominal values of US$0.00000739 and US$0.0000073 respectively.

The issued share capital and debentures as at 31 March 2014 and 31 March 2013 were 2 457 172 108 ordinary shares and 2 457 172 108 debentures.

### Reserves

The movements in the reserves of the Group are shown in the consolidated statement of changes in equity, on page 14.

| | 2014 | 2013 |
|---|---|---|
| Nhaka Properties (Private) Limited | 100% | 100% |
| Laclede Investments (Private) Limited | 100% | 100% |
| Gold Coast Properties (Private) Limited | 100% | 100% |
| Calpine Investments (Private) Limited | 100% | 100% |
| Dawn Real Estate (Private) Limited | 100% | 100% |
| Dawn Property Consultancy (Private) Limited | 100% | 100% |
| CBRE (Proprietary) Limited | 100% | 100% |
| Lipthong (Private) Limited | 100% | 100% |
| Ekodey (Private) Limited | 76% | 76% |
| Flemflora (Private) Limited | 100% | 100% |

### Property, plant and equipment

Capital expenditure for the year to 31 March 2014 on operating assets was US$685 298 (2013: US$88 728).

### Debenture interest and dividends

The Board has resolved that the debenture interest for the period be zero (2013: US$nil) and a final dividend of US0.00921 cents (31 March 2013- US cents nil) per linked unit be declared.

### Directors

In terms of the Articles of Association, Messrs R. Makoni and M. Mukonoweshuro, retire by rotation at the forthcoming Annual General Meeting and being eligible, these directors offer themselves for re-election.

### Director's fees

Members will be asked to approve the remuneration of the director's fees for the year ended 31 March 2014 of US$79 625.

### Audit fees

Members will be asked to approve the remuneration of the auditors for the financial year ended 31 March 2014 and to appoint auditors of the Group to hold office for the ensuing year.

**P. Gwatidzo**
**Chairman**

# Directors' Responsibility Statement

The directors of the Group are required by the Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96 to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the financial position of the Group at the end of the financial year and of its financial performance and its cash flows for the year then ended. In preparing the accompanying statements, cognisance has been taken of the current financial reporting environment and procedures followed to present information and adequately disclose the status of the Group in the United States of America dollar ("US"). Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgments and estimates have been made.

The directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's system of internal financial control. Dawn Properties maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. There were no breakdowns in the systems of internal control involving material loss, which were reported to the directors in respect of the period under review.

The consolidated financial statements for the year ended 31 March 2014, which appear on pages 11 to 56 have been approved by the Board of Directors and are signed on its behalf by:

**P. Gwatidzo**
**Chairman**

**J. Dowa**
**Chief Executive Officer**

**Harare**
**4 August 2014**

# Independent Auditor's Report

**to the shareholders of DAWN PROPERTIES LIMITED**

We have audited the consolidated financial statements of Dawn Properties Limited and its subsidiaries (the "Group") and the statement of financial position of Dawn Properties Limited (the "Company") standing alone, (together the "financial statements") which comprise the consolidated and separate statements of financial position as at 31 March 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and explanatory information set out on pages 11 to 56.

## Directors' responsibility for the financial statements

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

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and Company as at 31 March 2014, and the Group's consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96.

Pricewaterhouse Coopers

**PricewaterhouseCoopers**
**Chartered Accountants (Zimbabwe)**
**Harare**

4 August 2014

# Consolidated Statement of Financial Position

AS AT 31 MARCH 2014

| | Note | 2014 US$ | 2013 US$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment property | 5 | 85 435 000 | 84 297 416 |
| Property, plant and equipment | 6 | 1 246 890 | 770 777 |
| Goodwill | 7 | 120 186 | 120 186 |
| | | **86 802 076** | **85 188 379** |
| **Current assets** | | | |
| Inventories | 8 | 26 898 | 25 821 |
| Trade and other receivables | 9 | 823 772 | 639 021 |
| Cash and cash equivalents | 10 | 1 604 770 | 1 379 349 |
| | | 2 455 440 | 2 044 191 |
| **Total assets** | | **89 257 516** | **87 232 570** |
| **EQUITY** | | | |
| **Equity attributable to equity holders of the parent** | | | |
| Share capital | 12 | 18 156 | 18 156 |
| Share premium | 12 | 17 680 929 | 17 680 929 |
| Revaluation reserves | | 7 353 815 | 7 353 815 |
| Linked unit debentures equity component | 13 | 206 790 | 206 790 |
| Retained profits | | 60 685 406 | 58 664 897 |
| **Shareholders' equity** | | 85 945 096 | 83 924 587 |
| **Non-controlling interests** | | 495 210 | 562 331 |
| **Total equity** | | **86 440 306** | **84 486 918** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Linked unit debentures | 13 | 1 590 696 | 1 590 696 |
| Deferred income tax liabilities | 14 | 703 677 | 726 807 |
| | | 2 294 373 | 2 317 503 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 489 326 | 411 034 |
| Current income tax liabilities | 16 | 33 511 | 17 115 |
| | | 522 837 | 428 149 |
| **Total liabilities** | | 2 817 210 | 2 745 652 |
| **Total equity and liabilities** | | **89 257 516** | **87 232 570** |

The notes on pages 16 to 56 are an integral part of these financial statements.

Approved for issue on 14 May 2014 and signed on behalf of the Board of Directors of Dawn Properties Limited by:

**J. Dowa**
**Chief Executive Officer**

**P. Gwatidzo**
**Chairman**

# Company Statement of Financial Position

AS AT 31 MARCH 2014

| ASSETS | Note | 2014<br>US$ | 2013<br>US$ |
|---|---|---|---|
| Investment in subsidiaries | 17 | 19 503 998 | 19 503 998 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Ordinary share capital | 12 | 18 156 | 18 156 |
| Share premium | 12 | 17 680 929 | 17 680 929 |
| Linked unit debentures equity component | 13 | 206 790 | 206 790 |
| (Accumulated losses)/ retained profits | | (283 365) | 7 427 |
| **Total equity** | | **17 622 510** | **17 913 302** |
| **LIABILITIES** | | | |
| **Non current liabilities** | | | |
| Balances with related parties | | 290 792 | - |
| Linked unit debentures | 13 | 1 590 696 | 1 590 696 |
| **Total liabilities** | | 1 881 488 | 1 590 696 |
| **Total equity and liabilities** | | **19 503 998** | **19 503 998** |

The notes on pages 16 to 56 are an integral part of these financial statements.

Approved for issue on 14 May 2014 and signed on behalf of the Board of Directors of Dawn Properties Limited by:

**J. Dowa**
**Chief Executive Officer**

**P. Gwatidzo**
**Chairman**

# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2014

| | Note | 2014 US$ | 2013 US$ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 18 | 5 541 258 | 5 688 369 |
| Net gain from fair value adjustment on investment property | 5 | 1 137 584 | - |
| Other income | | 16 712 | 22 842 |
| Total income | | 6 695 554 | 5 711 211 |
| Profit/(loss) on disposal of property, plant and equipment | 19 | 34 990 | (155 629) |
| Administration expenses | 21 | (4 002 919) | (3 570 294) |
| Other expenses | 21 | (482 271) | (351 054) |
| Operating profit | | 2 245 354 | 1 634 234 |
| Finance income | 22 | 23 110 | 16 645 |
| Profit before income tax | 23 | 2 268 464 | 1 650 879 |
| Income tax expense | 24 | (118 502) | (88 379) |
| **Profit for the year from continuing operations** | | **2 149 962** | **1 562 500** |
| Discontinued operations | | | |
| Loss for the year from discontinued operations | 11 | - | (1 311 053) |
| **Profit for the year** | | **2 149 962** | **251 447** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | - | - |
| Items that may be subsequently be reclassified to profit or loss | | - | - |
| | | - | - |
| **Total comprehensive income for the year** | | **2 149 962** | **251 447** |
| **Profit/(loss) attributable to:** | | | |
| - Owners of the parent | | 2 217 083 | 259 537 |
| - Non-controlling interest | | (67 121) | (8 090) |
| | | **2 149 962** | **251 447** |
| **Total comprehensive income/(loss) attributable to:** | | | |
| - Owners of the parent | | 2 217 083 | 259 537 |
| - Non-controlling interest | | (67 121) | (8 090) |
| | | **2 149 962** | **251 447** |
| **(Loss)/earnings per share from continuing and discontinued operations attributable to owners of the parent during the year.** | | | |
| Basic earnings per share: | | | |
| From continuing operations | 27 | 0.09 | 0.06 |
| From discontinued operations | 27 | (0.00) | (0.05) |
| **Total earnings per share** | | **0.09** | **0.01** |

The notes on pages 16 to 56 are an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

## FOR THE YEAR ENDED 31 MARCH 2014

| | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Revaluation reserves | Linked unit debentures equity component | Retained profits | Total | Non controlling interests | Total |
| **Year ended 31 March 2013** | US$ | US$ | US$ | US$ | US$ | US$ | US$ | US$ |
| Balance as at 1 April 2012 | 18 156 | 17 680 929 | 7 353 815 | 206 790 | 58 405 360 | 83 665 050 | (114 108) | 83 550 942 |
| **Comprehensive income/ (loss):** | | | | | | | | |
| Profit/(loss) for the year | - | - | - | | 259 537 | 259 537 | (8 090) | 251 447 |
| Sale of interest to non-controlling interest in Dawn Produce(Pvt) Ltd | - | - | - | - | - | - | 684 529 | 684 529 |
| **Total comprehensive income for the year** | - | - | - | | 259 537 | 259 537 | 676 439 | 935 976 |
| **Balance as at 31 March 2013** | 18 156 | 17 680 929 | 7 353 815 | 206 790 | 58 664 897 | 83 924 587 | 562 331 | 84 486 918 |
| **Year ended 31 March 2014** | | | | | | | | |
| Balance as at 1 April 2013 | 18 156 | 17 680 929 | 7 353 815 | 206 790 | 58 664 897 | 83 924 587 | 562 331 | 84 486 918 |
| **Comprehensive income/ (loss):** | | | | | | | | |
| Profit/ (loss) for the year | - | - | - | | 2 217 083 | 2 217 083 | (67 121) | 2 149 962 |
| Other comprehensive income | - | - | - | - | - | - | | |
| **Total comprehensive income/ (loss) for the year:** | - | - | - | | **2 217 083** | **2 217 083** | **(67 121)** | **2 149 962** |
| **Transactions with owners, recognised directly in equity:** | - | - | - | - | - | - | - | - |
| Dividends declared and paid | - | - | - | | (196 574) | (196 574) | - | (196 574) |
| **Balance as at 31 March 2014** | **18 156** | **17 680 929** | **7 353 815** | **206 790** | **60 685 406** | **85 945 096** | **495 210** | **86 440 306** |

The notes on pages 16 to 56 are an integral part of these financial statements.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2014

| Cash flows from operating activities | Notes | 2014 US$ | 2013 US$ |
|---|---|---|---|
| Profit before income tax (including discontinued operations) | 23 | 2 268 464 | 339 826 |
| **Adjustments for:** | | | |
| - Depreciation of property and equipment | 6.2 | 157 236 | 229 403 |
| - Impairment of property and equipment | 6.3 | 46 286 | - |
| - Finance income | 22 | (23 110) | (16 645) |
| - Impairment charge for trade receivables | 9 | 10 069 | 6 070 |
| - Net gains from fair value gains on investment property | 5 | (1 137 584) | - |
| - Profit/ (loss) on disposal of property, plant and equipment | | (34 990) | 155 629 |
| - Other non cash items | | 6 326 | - |
| - Loss on disposal of subsidiary | 20 | - | 764 518 |
| Operating surplus before working capital changes | | 1 292 697 | 1 478 801 |
| Changes in working capital: | | | |
| (Increase)/decrease in inventories | 8 | (1 077) | 135 389 |
| Increase in trade and other receivables | 9.4 | (184 751) | (157 981) |
| Increase/(decrease) in trade and other payables | 15 | 94 689 | (355 350) |
| **Cash generated from operations** | | **1 201 558** | **1 100 859** |
| Income tax paid | 16 | (158 028) | (211 285) |
| **Net cash generated from operating activities** | | **1 043 530** | **889 574** |
| **Cash flow from investing activities** | | | |
| Purchase of property and equipment | 6.4 | (685 298) | (28 357) |
| Interest received | | 23 110 | 16 645 |
| Proceeds from sale of property and equipment | | 40 653 | 25 524 |
| **Net cash used in investing activities** | | **(621 535)** | **13 812** |
| **Cash flows from financing activities** | | | |
| Dividends paid to owners of the parent | | (196 574) | - |
| **Net cash used in financing activities** | | **(196 574)** | - |
| **Net increase in cash and cash equivalents** | | **225 421** | **903 386** |
| Cash and cash equivalents at the beginning of the year | | 1 379 349 | 475 963 |
| **Cash and cash equivalents at the end of the year** | 10 | **1 604 770** | **1 379 349** |

The notes on pages 16 to 56 are an integral part of these financial statements.

## 1. GENERAL INFORMATION

Dawn Properties Limited ("Dawn Properties" or the "Company") and its subsidiaries, (together "the Group") own investment property and provide property valuation, management and consultancy services.

The Company is a limited liability company incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange. The address of its registered office is 8th Floor, Beverley Court, Corner 4th Street and Nelson Mandela Avenue, Box CY 1618, Causeway, Harare.

The financial statements were approved for issue by the Board of Directors on 14 May 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

### 2.1.1 Changes in accounting policies and disclosures

**a) New standards, amendments and interpretations, effective for the first time for financial year beginning on or after 1 April 2013 and relevant to the Group**

The following new standards, amendments and interpretations are effective for the first time for financial year beginning on or after 1 April 2013:

| Topic | Effective date | Key requirements |
|---|---|---|
| Amendment to International Accounting Standards("IAS") 1, 'Financial statement presentation, regarding other comprehensive income' | 1 July 2012 | The main change resulting from this amendment is a requirement for entities to group items presented in 'other comprehensive income' ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently ("reclassification adjustments"). The amendment does not address which items are presented in OCI. |
| Amendment to IFRS 7, 'Financial instruments: disclosures', on asset and liability offsetting | 1 January 2013 | This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

**2.1.1 Changes in accounting policies and disclosures (continued)**

(a) **New standards, amendments and interpretations, effective for the first time for financial year beginning on or after 1 April 2013 and relevant to the Group (continued)**
The following new standards, amendments and interpretations are effective for the first time for financial year beginning on or after 1 April 2013 (continued):

| Topic | Effective date | Key requirements |
|---|---|---|
| IFRS 13, 'Fair value measurement' | 1 January 2013 | In summary, the IFRS 13 disclosure requirements include:<br>▪ The levels of the fair value hierarchy (1, 2 and 3) are now required to be disclosed not only for financial instruments, but also for non-financial assets such as non-current assets held for sale, property, plant and equipment, intangible assets, investment property and assets in scope of IAS 41, Agriculture.<br>▪ An entity should determine appropriate classes of assets and liabilities (for both financial and non-financial items) based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.<br>▪ For both financial and non-financial items (both recurring and nonrecurring fair value measurements) that are categorised within level 2 and level 3 of the fair value hierarchy a description of the valuation technique(s) and the inputs used.<br>▪ If the highest and best use of non-financial assets differs from its current use, that fact and the reasons for that.<br>▪ For financial and non-financial instruments- the requirement for recurring fair value measurements categorised within level 3 of the fair value hierarchy to provide a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs.<br>▪ The policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred are required to be disclosed and consistently followed for both financial and non-financial assets. |
| IFRS 10, 'Consolidated financial statements' | 1 January 2013 | The objective of IFRS 10 is to establish principles for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.<br>Where the consolidation conclusion under IFRS 10 differs from that under IAS 27/SIC 12, the comparative period should be restated. This applies unless during the comparative period the investor has disposed of its interest in the entity that would have required a change in classification under IFRS 10. Where reclassification is required in the comparative period, a third statement of financial position will need to be presented in line with IAS 1, Presentation of financial assets as of the beginning of the comparative period. |
| IFRS 12, 'Disclosures of interests in other entities' | 1 January 2013 | Entities that have interests in subsidiaries, joint operations, associates, joint ventures or unconsolidated structured entities that apply IFRS 10, IFRS 11 or IAS 28, have to give the disclosures required for such entities by IFRS 12. These requirements might result in a significant increase in the amount of information disclosed and need to be considered carefully. IFRS 12 contains separate disclosure requirements for each of these categories of investment. |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### 2.1.1 Changes in accounting policies and disclosures (continued)

(a) **New standards, amendments and interpretations, effective for the first time for financial year beginning on or after 1 April 2013 and relevant to the Group (continued)**

The following new standards, amendments and interpretations are effective for the first time for financial year beginning on or after 1 April 2013 (continued):

| Topic | Effective date | Key requirements |
|---|---|---|
| Amendment to IFRSs 10, 11 and 12 on transition guidance | 1 January 2013 | These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. |
| Annual improvements 2011 | 1 January 2013 | These annual improvements, address six issues in the 2009-2011 reporting cycle. It includes changes to:<br>▪ IFRS 1, 'First time adoption'<br>▪ IAS 1, 'Financial statement presentation'<br>▪ IAS 16, 'Property, plant and equipment'<br>▪ IAS 32, 'Financial instruments: presentation' and<br>▪ IAS 34, 'Interim financial reporting' |
| IAS 27 (revised 2011), 'Separate financial statements' | 1 January 2013 | IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. |

The new standards, amendments and interpretations do not have a material impact on the Group's financial statements.

b) **New standards, amendments and interpretations, effective for the first time for financial year beginning on or after 1 April 2013 and not currently relevant to the Group (although they might affect the accounting for future transactions).**

The following new standards, amendments and interpretations are effective for the first time for financial year beginning on or after 1 April 2013 but are not currently relevant:

| Topic | Effective date | Key requirements |
|---|---|---|
| IFRS 11, 'Joint arrangements' | 1 January 2013 | IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. |
| IAS 28 (revised 2011), 'Associates and joint ventures' | 1 January 2013 | IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. |
| IFRIC 20, 'Stripping costs in the production phase of a surface mine' | 1 January 2013 | This interpretation sets out the accounting for over burden waste removal ("stripping") costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained profits if the assets cannot be attributed to an identifiable component of an ore body. |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### 2.1.1 Changes in accounting policies and disclosures (continued)

**b) New standards, amendments and interpretations, effective for the first time for financial year beginning on or after 1 April 2013 and not currently relevant to the Group (although they might affect the accounting for future transactions) (continued).**

The following new standards, amendments and interpretations are effective for the first time for financial year beginning on or after 1 April 2013 but are not currently relevant (continued);

| Topic | Effective date | Key requirements |
|---|---|---|
| Financial instruments: recognition and measurement amendment to IAS 39 'Novation of derivatives' | 1 January 2014 | This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria |
| Employee benefits. IAS 19 (amendment) | 1 January 2013 | This amendment eliminates the corridor approach and calculates finance costs on a net funding basis. |
| Separate financial statements. IAS 27 (revised 2011) | 1 January 2013 | IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. |

**c) New standards, amendments and interpretations that have been issued but are not yet effective for the financial year beginning on 1 April 2013 and have not been early adopted by the Group.**

The following are new standards, amendments and interpretations that have been issued but are not yet effective to the financial years beginning on 1 April 2013.

| Topic | Effective date | Content |
|---|---|---|
| Amendments to IAS 32, 'Financial instruments: presentation', on asset and liability offsetting | 1 January 2014 | These amendments are to the application guidance in IAS 32, 'Financial instruments: presentation', and clarify some of the requirements for off-setting financial assets and financial liabilities on the statement of financial position. |
| Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities. | 1 January 2014 | These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make. |
| Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures | 1 January 2014 | This amendment addresses the disclosure of information about the coverable amount of impaired assets if that amount is based on fair value less costs of disposal. |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

**2.1.1 Changes in accounting policies and disclosures (continued)**

c) **New standards, amendments and interpretations that have been issued but are not yet effective for the financial year beginning on 1 April 2013 and have not been early adopted by the Group.**

The following are new standards, amendments and interpretations that have been issued but are not yet effective to the financial year beginning on 1 April 2013 (continued).

| Topic | Effective date | Content |
|---|---|---|
| IFRS 9, 'Financial instruments' | 1 January 2018 | Addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in 2009, updated in 2010 and amended in 2011. It replaces the parts of IAS 39, "Financial instruments: recognition and measurement" that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. |
| Annual improvements 2012 | 1 July 2014 | The annual improvements, addresses eight issues in the 2010 to 2012 reporting cycle. It includes changes to:<br>▪ IFRS 2, 'Share-based payment'<br>▪ IFRS 3, 'Business combinations'<br>▪ IFRS 8, 'Operating segments'<br>▪ IFRS 13, 'Fair value measurement'<br>▪ IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'<br>▪ Consequential amendments to IFRS 9, 'Financial instruments',<br>▪ IAS 37 'Provisions, contingent liabilities and contingent assets', and,<br>▪ IAS 39, Financial instruments – recognition and measurement'. |
| Annual improvements 2013 | 1 July 2014 | The annual improvements, addresses eight issues in the 2011 to 2013 reporting cycle. It includes changes to:<br>▪ IFRS 1, 'First time adoption'<br>▪ IFRS 3, 'Business combinations'<br>▪ IFRS 13, 'Fair value measurement' and<br>▪ IAS 40, 'Investment property'. |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

**2.1.1 Changes in accounting policies and disclosures (continued)**

**c) New standards, amendments and interpretations that have been issued but are not yet effective for the financial year beginning on 1 April 2013 and have not been early adopted by the Group.**

The following are new standards, amendments and interpretations that have been issued but are not yet effective to the financial year beginning on 1 April 2013 (continued).

| Topic | Effective date | Content |
|---|---|---|
| IFRIC 21, 'Levies' | 1 January 2014 | This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. |
| Amendment to ISA 32: Financial instruments: presentation on asset and liability offsetting. | 1 January 2014 | This amendment updates the application guidance in IAS 32, 'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment clarifies that the right of set-off must be available today, that is, it is not contingent on a future event. It also must be legally enforceable for all counter parties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both: (i) eliminate credit and liquidity risk and process receivables and payables in a single settlement process, are (ii) effectively equivalent to net settlement. |

The Group is still assessing the impact of these new standards, amendments and interpretations and timing of their adoption.

There are no other new or amended IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

**2.1.2 Going concern**

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financing.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

### 2.2 Consolidation

**a) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.
The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Consolidation (Continued)

**a) Subsidiaries (continued)**

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39, 'Financial instruments: recognition and measurement' either in the statement of comprehensive income or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition- date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (note 2.7).

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated.

**b) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**c) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**d)** Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All the subsidiaries have 31 March as their year ends.

#### 2.2.1 Investment in subsidiaries

Investments in subsidiaries, in the separate statement of financial position of the Company, are accounted for at cost less accumulated allowance for impairment.

### 2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Foreign currency translation

**a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in the United States of America dollar ("US$"), the Company's and the Group's functional and presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;

b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c) all resulting exchange differences are recognised in other comprehensive income.

### 2.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property comprises hotel properties in Zimbabwe and land banks in Harare and Mazowe, Zimbabwe. Land held under operating leases is classified and accounted for by the Group as investment property when the definition of investment property would otherwise be met. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, is measured at cost less accumulated allowance for impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier. Land is valued using the sales comparison method. Fair value is based on prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Hotel properties are valued using the cost approach. The cost approach reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. That is because a market participant buyer would not pay more for an asset than the amount for which it could replace the service capacity of that asset. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence and is broader than depreciation for financial reporting purposes (an allocation of historical cost) or tax purposes (using specified service lives).

Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Investment property (continued)

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- Past experience with similar constructions;
- The development risk specific to the constructions; and
- Status of construction permits;

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the investment property.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the investment property. Changes in fair value are recognised in the statement of comprehensive income. Investment property is derecognised either when it has been disposed, or use of the property has changed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net gain from fair value adjustment on investment property. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of the transfer is treated in the same way as revaluation under IAS 16, 'Property, plant and equipment'. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in the comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to statement of comprehensive income.

### 2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and allowance for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

| | |
|---|---|
| Land | nil |
| Motor vehicles | 5 years |
| Computer and office equipment | 4 years |
| Farm equipment and implements | 10 years |

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

### 2.7 Intangible assets (goodwill)

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group’s interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree ("Dawn Property Consultancy (Private) Limited formerly CB Richard Ellis (Private) Limited") and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGU"s), or a group of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or a group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment loss is recognised immediately as an expense and is not subsequently reversed.

### 2.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.9 Inventories

The Group's inventory arise when there is stationery and fuel on hand as at the end of a financial period. Inventories are stated at cost. Cost is determined using the first-in, first out (”FIFO") method.

### 2.10 Financial assets

#### 2.10.1 Classification

The Group classifies its financial assets in the loans and receivables category only. Management determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group’s loans and receivables comprise 'trade and other receivables' and cash and cash equivalents' on the statement of financial position (notes 2.11 and 2.12)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial Assets (continued)

#### 2.10.2 Recognition and measurement

Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

#### 2.10.3 Impairment of financial assets

**Assets carried at amortised cost**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.
For receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

### 2.11 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

### 2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term money market investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.13 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial liabilities

Liabilities within the scope of IAS 39, 'Financial instruments: recognition and measurement' are classified as financial liabilities at fair value through profit or loss or at amortised cost as appropriate. A financial liability is derecognised when the obligation under liability is discharged, cancelled or expires. Borrowings are classified as financial liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities included in trade and other payables are initially recognised at fair value and subsequently at amortised cost. The fair value of a non interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

### 2.15 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds.
Where any group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

### 2.16 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

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

### 2.17 Current and deferred income tax

The income tax expense comprises current and deferred income tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively .

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted on the date of the statement of financial position in Zimbabwe and Botswana where the Group operates and generates income. Management periodically evaluates positions taken in tax returns with respects to situations in which applicable tax regulation is subject to interpretation, and establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Current and deferred income tax (continued)

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset.

The deferred income tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

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

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

### 2.18 Employee benefits

#### (a) Pensions

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For the defined contribution plan, the Group pays contributions to privately administered pension plan on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (b) Short-term employee benefits and compensation absences

Wages, salaries, paid annual leave, bonuses and other monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Group.

#### (c ) National Social Security Authority Scheme

The Group and its employees contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04). The Group obligations under the scheme are limited to specific contributions as legislated from time to time.

#### (d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is within the scope of IAS 37, 'Provisions, contingent liabilities and contingent assets', and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

### 2.20 Provisions

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

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

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

### 2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, from rental of investment property, property management, consultancy and valuation services which is stated net of value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Rental income**
Rental income from operating leases is recognised in the accounting period in which the property is occupied by the tenant.

**Rendering of services**
Rendering of services is recognised in the accounting period in which the property valuation, management and consultancy services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### 2.22 Interest income and interest expense

Interest income and interest expense are recognised within 'finance income' and 'finance costs' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Other expenses

Expenses which include legal, accounting, auditing and other fees are recognised as expenses in profit or loss in the period in which they are incurred.

### 2.24 Leases

**(a) Where the Group is the lessee in an operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**(b) Where the Group is the lessor in an operating lease**

Properties leased out under operating leases are included in investment property in the statement of financial position (note 2.21 and 5 for the recognition of rental income). The Group does not have any finance lease arrangements.

### 2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Company's directors.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The primary objectives of financial risk management are to identify, evaluate and manage financial risks, establish risk limits, and then ensure that exposure to risks stays within limits.

Risk management is governed by the Audit and Risk Committee under policies approved by the Board of Directors. The Audit and Risk Committee identifies and evaluates financial risks in close cooperation with the subsidiaries. The Board provides written principles for overall risk management.

Key risk management reports are produced monthly at subsidiary level and provided to the key management personnel of the Group. The reports includes both financial and non financial risks such as liquidity, credit risk, single major client, lease agreements, information technology risk, insurance cover etc. The reports spell out the rating of the identified risk, the action required and the risk monitoring process.

**(a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign exchange risk, price risk and cashflow and fair value interest rate risk. The Group's market risks arise from open positions in foreign currency and interest bearing assets and liabilities, to the extent that these are exposed to general and specific markets.

**(i) Foreign exchange risk**

The risk that the fair value of the cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks arise from recognised monetary financial assets and liabilities and future commercial transactions, that are not denominated in the functional currency of the Group. The Group has a subsidiary in Botswana and is exposed to foreign exchange risk, primarily with respect to the Botswana pula. This risk is not significant as the subsidiary is not material and is in the process of being closed down.

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

| | Pula | Other | Total |
|---|---|---|---|
| **As at 31 March 2014** | | | |
| **Financial assets – loans and receivables** | **US$ equivalent** | **US$ equivalent** | **US$ equivalent** |
| **Trade receivables:** | | | |
| – Receivables from customers | 12 102 | - | 12 102 |
| – Other receivables | 14 201 | - | 14 201 |
| - Cash and cash equivalents | 6 326 | - | 6 326 |
| **Total financial assets** | **32 629** | **-** | **32 629** |
| **As at 31 March 2014** | | | |
| **Financial liabilities measured at amortised cost** | | | |
| Trade and other payables: | | | |
| – Trade payables | - | - | - |
| Total financial liabilities | - | - | - |
| **Net foreign currency exposure** | **32 629** | **-** | **32 629** |
| **As at 31 March 2013** | | | |
| **Financial assets – loans and receivables** | | | |
| Trade receivables: | | | |
| – Receivables from customers | 14 769 | - | 14 769 |
| – Other receivables | 13 435 | - | 13 435 |
| - Cash and cash equivalents | 9 766 | - | 9 766 |
| **Total financial assets** | **37 970** | **-** | **37 970** |
| Financial liabilities measured at amortised cost | | | |
| Trade and other payables: | | | |
| – Trade payables | 177 | - | 177 |
| **Total financial liabilities** | **177** | **-** | **177** |
| **Net foreign currency exposure** | **37 793** | **-** | **37 793** |

The Group manages foreign exchange risk at subsidiary level and monitors it at group level. The Group's primary method of managing foreign currency risk is to match the Group's principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by converting all currencies received into US$, for all entities domiciled in Zimbabwe. The functional currency of the Group and it's principal subsidiaries is the US$. Only the Botswana incorporated subsidiary has the Botswana pula as its functional currency.

The sensitivities of profit or loss to possible change in exchange rates applied at the financial position date relative to the functional currency of the respective group entities, with all other variables held constant. As at 31 March 2014, if the Botswana pula weakened/strengthened by 10% (2013: 10%), post-tax profit/(loss) for the year then ended would have been US$2 443 (2013:US$2 986) higher/lower.

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

**(ii) Price risk**

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and foreign exchange risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market. The Group has no significant exposure to price risks on commodity or equity securities (2013: US$nil) because at 31 March 2014 it had neither commodity contracts nor equity security investments.

**(iii) Cash flow and fair value interest rate risk**

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group does not have long term interest-bearing borrowings issued at variable rate. As at 31 March 2014, the Group had no short term borrowings which was also the case as at 31 March 2013. The debentures are at a rate fixed by the directors refer to note 13 for the terms and conditions of the debentures. Cash and bank balances are held at zero interest, short term investment was held at 1.5% interest rate. Trade receivables and payables are interest free and have settlement dates within one year.

**(b) Credit risk**

Credit risk is the risk that one party to financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents held at banks and trade receivables, including rental receivables from the lessee. Credit risk is managed at a subsidiary level and monitored at group level. The are no independent ratings for customers locally. To assess the credit quality of the trade receivables, management takes into account the customer's financial position and past experience. To manage the risk associated with concentration of receivables, management engages the tenant on a regular basis to ensure that rentals are received on a monthly basis.

Such risks are subject to a quarterly review. The Group has policies in place to ensure that rental, property valuation management and consultancy services contracts are entered into only with lessees with an appropriate credit history. Cash balances are held only with financial institutions with sound capital bases.

| The Group's maximum exposure to credit risk by class of financial asset is as follows: | 2014 | 2013 |
|---|---|---|
| Trade receivables, before allowance for impairment | US$ | US$ |
| - Rent receivable from lessee | 248 704 | 265 225 |
| - Trade receivables from customers | 405 189 | 192 524 |
| - Cash and cash equivalents | 1 604 770 | 1 369 583 |
| | **2 258 663** | **1 827 332** |
| The fair value of trade receivables and cash and cash equivalents as at 31 March 2014 approximates the carrying amount because of their short tenor. | | |
| Trade receivables, gross neither past due nor impaired | | |
| - Receivables from large companies | 278 432 | 265 225 |
| - Receivables from small or medium sized companies | 114 703 | 110 742 |
| **Total neither past due nor impaired** | **393 135** | **375 967** |
| **Past due but not impaired from small or medium sized companies** | | |
| -less than 60 days overdue | 121 916 | 11 529 |
| -61 to 90 days overdue | 82 893 | 4 049 |
| -more than 90 days | - | 12 055 |
| **Total past due but not impaired** | **204 809** | **27 633** |
| **Past due and impaired from small or medium sized companies** | | |
| -less than 60 days overdue | 55 949 | 9 859 |
| -61 to 90 days overdue | - | 3 282 |
| -more than 90 days | - | 41 008 |
| **Total past due and impaired** | 55 949 | 54 149 |
| **Total trade receivables, before allowance for impairment** | **653 893** | **457 749** |

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

#### (b) Credit Risk (continued)

Rent receivable from lessee is due from a single customer that holds 16.54% of the issued share capital of the Company and is listed on the Zimbabwe Stock Exchange and as at 31 March 2014, there was no amount that was past due (31 March 2013: US$nil), there has been no history of default and rental is received on a monthly basis. Trade receivables from customers relate to a number of customers, including both small and medium sized enterprises, the credit risk on these is monitored on an individual basis by the relevant subsidiary taking into consideration historical trends and financial position of the receivable.

The past due but not impaired and the past due and impaired information for financial years ended 31 March 2014 and 31 March 2013 were for the property consultancy operating segment. The investment property operating segment had no debtors that were past due for the years ended 31 March 2014, (31 March 2013: US$nil). The property consultancy operating segment had past due debtors amounting to US$55 949 (2013:US$54 149).

The Group holds bank accounts with large financial institutions with a credit rating of BBB+ or better using the Global Credit Rating Company ("GCR") ratings.

| Financial institution | Rating | Agency rating | 2014 US$ | 2013 US$ |
|---|---|---|---|---|
| Barclays Bank of Zimbabwe Limited | GCR | AA- | 1 550 205 | 1 319 462 |
| Standard Chartered Bank of Zimbabwe Limited | GCR | AA- | 35 298 | 33 994 |
| Stanbic Bank of Zimbabwe Limited | GCR | AA- | 14 480 | 10 146 |
| ZB Bank Limited | GCR | BBB+ | 99 | 181 |
| | | | 1 600 082 | 1 363 783 |

#### (c) Liquidity risk

The Group Finance and Investment Committee monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times so that the Group does not breach borrowing limits set in the Memorandum of Association. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

Surplus cash held by the operating entities over and above balances required for working capital management are transferred to short term money market investments. The Group invests surplus cash in interest bearing money market deposits and chooses instruments with appropriate maturities or sufficient liquidity to meet funding requirements determined by the above mentioned forecasts. At the reporting date, the Group has liquid investment in Barclays Bank of Zimbabwe Limited and cash held with financial institutions listed above. The Group's liquidity position is monitored on a weekly basis by the Executive Committee and reviewed quarterly by the Group Finance and Investment Committee.

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (continued)

A maturity analysis of financial instruments as at 31 March 2014 is as follows;

| As at 31 March 2014 | On demand and less than one month US$ | From 1 to 12 months US$ | Later than 2 years US$ | Total US$ |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 1 604 770 | - | - | 1 604 770 |
| Trade and other receivables excluding prepayments | 384 677 | 419 529 | - | 804 206 |
| **Total assets** | **1 989 447** | **419 529** | **-** | **2 408 976** |
| **As at 31 March 2014** | | | | |
| **Liabilities** | | | | |
| Trade and other payables excluding statutory liabilities | 315 136 | - | - | 315 136 |
| Statutory liabilities | 174 190 | - | - | 174 190 |
| Linked unit debentures | 1 590 696 | - | - | 1 590 696 |
| **Total liabilities** | **2 080 022** | **-** | **-** | **2 080 022** |
| **Liquidity gap** | **( 90 575)** | **419 529** | **-** | **328 954** |
| **Cumulative liquidity gap** | **( 90 575)** | **328 954** | **328 954** | **-** |
| **As at 31 March 2013** | | | | |
| **Assets** | | | | |
| Cash and cash equivalents | 1 379 349 | - | - | 1 379 349 |
| Trade and other receivables excluding prepayments | 342 752 | 314 508 | - | 657 260 |
| Total assets | 1 722 101 | 314 508 | - | 2 036 609 |
| **Liabilities** | | | | |
| Trade and other payables excluding statutory liabilities | 411 034 | - | - | 411 034 |
| Statutory liabilities | 17 115 | - | - | 17 115 |
| Linked unit debentures | 1 590 696 | - | - | 1 590 696 |
| Total liabilities | 2 018 845 | - | - | 2 018 845 |
| **Liquidity gap** | ( 296 744) | 314 508 | - | 17 764 |
| **Cumulative liquidity gap** | ( 296 744) | 17 764 | 17 764 | - |

The expected cash flows are based on contractual terms as per the requirement of IFRS 7, Financial instruments: disclosures.

At year end the Group had no bank borrowings. The debentures are linked units whose repayment terms are disclosed in note 13; however for purposes of splitting the compound instrument we have assumed that repayment will be made within a year.

The liquidity gap is covered by the available financial assets and should there be need for borrowing, facilities with the Group's bankers will be arranged. The forecasted cash flows are based on contractual credit terms as per the requirements of IFRS 7.

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio.

| The gearing ratios as at 31 March 2014 and the previous year were as follows: | 2014 US$ | 2013 US$ |
|---|---|---|
| Linked unit debentures | 1 590 696 | 1 590 696 |
| Borrowings | - | - |
| **Total borrowings** | 1 590 696 | 1 590 696 |
| Less: cash and cash equivalents | (1 604 770) | (1 379 349) |
| Net debt | ( 14 074) | 211 347 |
| **Total equity** | 86 440 306 | 84 486 918 |
| **Total capital** | **86 426 232** | **84 698 265** |
| **Gearing ratio** | **0.0%** | **0.2%** |

The decrease in the gearing ratio during 2014 is as a result of the 16% increase in cash and cash equivalents to US$1 604 593.

### 3.3 Fair value hierarchy

IFRS 7, Financial instruments: disclosures, specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources: unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy;

**Level 1** - Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity securities traded on the Zimbabwe Stock Exchange.

**Level 2** - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non listed equity investments.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The Group had no financial assets and liabilities carried at fair value as at 31 March 2014 (31 March 2013: US$nil).

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

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

**(a) Principal assumptions underlying estimation of fair value of investment property**

In determining the open market value of investment property, Dawn Property Consultancy (Private) Limited used the market comparison method for land and the cost approach for hotel properties.

The economic environment and market conditions experienced in 2013 continued throughout 2014 and the frequency of investment property transactions (i.e. hotels) on an arm's length basis is non-existent in Zimbabwe. For these investment properties with a total carrying amount of US$85 425 000 (2013: US$84 297 416) the valuation was determined principally using the market comparison method for land values and the depreciated replacement cost for the hotel properties. Lease contracts have not been taken into consideration due to the depressed revenue inflows.

As there is no active market for the hotel properties in Zimbabwe, current prices were drawn from recent transactions of land in general. The prices were adjusted for contractual, location and inherent differences. The following rates have been used:

| | 2014 US$ Rate/Sqm | 2013 US$ Rate/Sqm |
|---|---|---|
| **Construction cost figures:** | | |
| Grade 'A' offices | 1 300 | 1 300 |
| Grade 'B' offices | 1 100 | 1 100 |
| Industrial offices | 850 | 800 |
| Industrial factory | 650 | 650 |
| **Land comparables:** | | |
| Industrial areas | 20-25 | 18-22 |
| High density areas | 30-40 | 19 |
| Medium density areas | 22-25 | 16 |
| Low density areas | 18-20 | 18-20 |
| Commercial - avenues | 300-400 | 200 |
| Central business district | 750 | 450 |

The cost approach was used to determine the fair value of the hotel buildings. This method is based on the theory of substitution and is usually termed the method of last resort. The method is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. Under normal circumstances hotels are valued using the income method. With current turnover and occupancy rates of hotels in Zimbabwe a valuation based on the income method would give a figure which no property owner would accept unless in a forced sale situation. The most significant unobservable input into this valuation is replacement cost per square metre for the buildings and improvements and selling price per square metre for land.

For land, the method that was used for valuing land is the market comparison method. The method entailed comparing like to like thus residential must be compared with residential and industrial with industrial etc. The most significant input in this valuation method is the selling price per square metre for land.

**(b) Income taxes**

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

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

**(c) Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 7). There has been no impairment charge recognised as at the reporting date. Conservative assumptions have been used in this assessment therefore any reasonable changes in the assumptions are unlikely to result in an impairment charge to goodwill. For example, if the discount rate used in determining the pre-tax discount rate had increased by 10%, the Group would still not have recognised an impairment against goodwill.

**(d) Revenue recognition**

The Group uses the percentage-of-completion method in accounting for its fixed price contracts to provide services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

### 4.2 Critical judgements in applying the entities accounting policies

**(a) Income taxes**

The Zimbabwe Revenue Authority seeks to disallow capital allowances claimed on assets acquired in Zimbabwe dollars. The basis of the disallowance is that the regulations, "Provisional General Ruling - Conversion of Closing Balances for Tax Purposes" gazetted by the Zimbabwe Revenue Authority on 1 October 2010 for converting Zimbabwe dollar balances (for tax purposes) does not apply to assets that were acquired in a group scheme of reconstruction. At the inception of the Company, investment property was acquired under a group scheme of reconstruction which was approved by the Zimbabwe Revenue Authority. Management has obtained the opinions of two independent tax experts who have expressed the view that capital allowances are claimable because the income tax values of the assets had not been fully written off as at 31 December 2008.

**(b) Impairment losses on trade and other receivables**

The Group reviews its trade and other receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is an observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade and other receivables before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or economic conditions that correlate with defaults in a group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

## 5 INVESTMENT PROPERTY

| | 2014<br>US$ | 2013<br>US$ |
|---|---|---|
| At the beginning of the year | 84 297 416 | 74 250 000 |
| Transfer from property, plant and equipment (note 6) | - | 10 047 416 |
| Net gain from fair value gains on investment property | 1 137 584 | - |
| **At the end of the year** | **85 435 000** | **84 297 416** |

The land transferred to investment property was previously used in the production of agricultural produce by a subsidiary in the Group. The subsidiary was disposed off and the land is now being leased out under operating lease to a third party hence the reclassification to investment property.

Rental income from investment properties in the reporting year totalled US$2 415 756 (2013: US$2 608 780). There were no direct operating expenses relating to investment property because these are borne by the tenants.

## 5 INVESTMENT PROPERTY (CONTINUED)

**Valuation processes**

The investment properties were valued as at 31 March 2014 by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. The valuation basis is a market comparison method for land and cost approach for hotel buildings, both valuation basis conform to international valuation standards. Dawn Property Consultancy (Private) Limited, a subsidiary of the Company is a related party, therefore is not an independent valuer as encouraged but not required in IAS 40, 'Investment property', hold recognised and relevant professional qualifications and have recent experience in the relevant location and the category of properties being valued.

Rental income from hotel properties is based on room, food and beverages generated by the lessee.

**Valuation techniques underlying management's estimation of fair value**

The valuers performed the valuation using the following methods: gross replacement cost, depreciated replacement cost ("DRC"), land value, land value plus depreciated replacement cost and market value of the freehold interest in the property. The summary of the results are as follows:

| Investment property value indicators: | 2014 US$ | 2013 US$ |
|---|---|---|
| Gross replacement cost | 168 823 000 | 168 818 000 |
| Depreciated replacement cost, buildings only | 65 879 000 | 68 955 000 |
| Existing use value of land | 24 637 416 | 16 430 000 |
| Land value plus depreciated replacement cost | 90 516 416 | 85 385 000 |
| Market value | 85 435 000 | 84 297 416 |

The cost approach was used to determine the fair value of the hotel buildings. This method is based on the theory of substitution and is usually termed the method of last resort. The method is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. Under normal circumstances hotels are valued using the income method. With current turnover and occupancy rates of hotels in Zimbabwe a valuation so based on this method would give a figure which no property owner would accept unless in a forced sale situation. The most significant unobservable input into this valuation is replacement cost per square metre for buildings and improvements and selling price per square metre for land.

For land, the method that was used for valuing land is sales comparison method. The method entailed comparing like to like thus residential must be compared with residential and industrial with industrial etc.

| | |
|---|---|
| - Construction costs figures | based on architectural design/modern equivalent as well as the costs from quantity surveyors' cost on steel and other requisite building materials. |
| - Age of property | based on the use to date as well as the date from commissioning of the hotel and the current state of structures and utilities specific to it's use as investment property. As well as the economic obsolescence of the structure; |
| - Comparable land values | based on the intrinsic value of the land on which the structure is built supplied by quantity surveyors taking into consideration the respective zoning conducted by the office of the Surveyor General. |

## 5 INVESTMENT PROPERTY (CONTINUED)

**Valuation techniques underlying management's estimation of fair value (continued)**

The Group's investment property is measured at fair value. The Group holds two classes of investment property being hotel properties and land situated in Zimbabwe.

| | Hotel property US$ | Land US$ | Total US$ |
|---|---|---|---|
| **Year ended 2014** | | | |
| Fair value hierarchy | 3 | 3 | |
| Fair value at 1 April | 76 225 000 | 8 072 416 | 84 297 416 |
| Net gain from fair value adjustments on investment property | 325 000 | 812 584 | 1 137 584 |
| **Fair value as at 31 March 2014** | **76 550 000** | **8 885 000** | **85 435 000** |
| **Year ended 2013** | | | |
| Fair value hierarchy | 3 | 3 | |
| Fair value at 1 April | 76 225 000 | 8 072 416 | 84 297 416 |
| Net gain from fair value adjustments on investment property | - | - | - |
| **Fair value as at 31 March 2013** | **76 225 000** | **8 072 416** | **84 297 416** |

| **Segment** | **Cost approach US$** | **Sales comparison US$** | **Total US$** |
|---|---|---|---|
| **Year ended 2014** | | | |
| Valuation | 76 550 000 | 8 885 000 | 85 435 000 |
| Rental value | 2 383 830 | 31 304 | 2 415 134 |
| **Year ended 2013** | | | |
| Valuation | 76 225 000 | 8 072 416 | 84 297 416 |
| Rental value | 2 557 311 | 51 469 | 2 608 780 |

**Sensitivity analysis**

Sensitivity analysis is performed on valuation of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

The valuation techniques and sensitivity analysis for the assets classified in Level 3 are described below.

**Observability**

Since each property is unique in nature and the hotel real estate is illiquid, valuation inputs are largely unobservable. There are inter-relationships between unobservable inputs. Increases in construction costs that enhance the property's features may result in an increase in future rental values and/or replacement costs.

## 5 INVESTMENT PROPERTY (CONTINUED)

| Sensitivity on managements estimates: | Cost approach US$ | Sales comparison US$ | US$ |
|---|---|---|---|
| **Change in depreciated replacement cost/square metre:** | | | |
| 5% increase in the replacement cost/square metre | 2 550 000 | - | 2 550 000 |
| 5% decrease in the replacement cost/square metre | (2 550 000) | - | (2 550 000) |
| **Change in land value per square metre:** | | | |
| 5% increase in the replacement cost/square metre | 250 000 | 75 000 | 325 000 |
| 5% decrease in the replacement cost/square metre | (250 000) | (75 000) | ( 325 000) |

Significant portion of the revenue from investment property are derived from African Sun Limited which contributes over 90% of rental income.

## 6 PROPERTY, PLANT AND EQUIPMENT

### 6.1 Property, plant and equipment

| | Land and buildings US$ | Motor vehicle US$ | Computer equipment US$ | Office equipment US$ | Farm equipment US$ | Total US$ |
|---|---|---|---|---|---|---|
| **Year ended 31 March 2013** | | | | | | |
| Opening net book amount | 10 011 105 | 255 994 | 77 623 | 52 598 | 715 857 | 11 113 177 |
| Additions | 60 371 | 14 420 | 11 994 | 1 943 | - | 88 728 |
| Disposals | - | ( 8 778) | ( 2 350) | ( 1 962) | ( 168 063) | ( 181 153) |
| Depreciation charge | ( 24 060) | ( 125 966) | ( 31 248) | ( 6 025) | ( 15 260) | ( 202 559) |
| Transfer to investment property | ( 10 047 416) | - | - | - | - | ( 10 047 416) |
| **Closing net book amount** | - | **135 670** | **56 019** | **46 554** | **532 534** | **770 777** |
| **As at 31 March 2013** | | | | | | |
| Cost or valuation | - | 760 317 | 130 932 | 64 793 | 587 544 | 1 543 586 |
| Accumulated depreciation | - | ( 624 647) | ( 74 913) | ( 18 239) | ( 55 010) | ( 772 809) |
| **Net book amount** | - | **135 670** | **56 019** | **46 554** | **532 534** | **770 777** |
| **Year ended 31 March 2014** | | | | | | |
| Opening net book amount | - | 135 670 | 56 019 | 46 554 | 532 534 | 770 777 |
| Additions | - | 614 261 | 42 164 | 28 873 | - | 685 298 |
| Disposals | - | ( 4 608) | ( 404) | ( 651) | - | ( 5 663) |
| Impairment charge through profit or loss (included in other expenses) | - | ( 44 798) | - | - | ( 1 488) | ( 46 286) |
| Depreciation charge | - | ( 95 911) | ( 32 604) | ( 7 085) | ( 21 636) | ( 157 236) |
| **Closing net book amount** | - | **604 614** | **65 175** | **67 691** | **509 410** | **1 246 890** |
| **As at 31 March 2014** | | | | | | |
| Cost or valuation | - | 724 357 | 167 568 | 91 028 | 549 648 | 1 532 601 |
| Accumulated depreciation and impairment | - | ( 119 743) | ( 102 393) | ( 23 337) | ( 40 238) | ( 285 711) |
| **Net book amount** | - | **604 614** | **65 175** | **67 691** | **509 410** | **1 246 890** |

## 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 6.1 Property, plant and equipment (continued)

The Group's land and buildings were last revalued on 31 March 2013 by a related party, Dawn Property Consultancy (Private)Limited prior to the change in classification to investment property. Valuations were made on the basis of recent market transactions on arm's length terms. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in the 'revaluation reserve' in shareholders equity. The reserve is not available for distribution to shareholders.

Dawn Property Consultancy (Private) Limited, a subsidiary of the Company is a related party, therefore is not an independent valuer, but holds a recognised and relevant professional qualifications and have recent experience in the relevant location and the category of properties being valued.

| If land and buildings were stated on the historical cost basis, the amounts would be as follows: | 2014 | 2013 |
|---|---|---|
| | US$ | US$ |
| Cost | - | 10 116 805 |
| Accumulated depreciation | - | ( 69 389) |
| Transfer to investment property | - | (10 047 416) |
| **Net book amount** | - | - |

There were impairment charges amounting to US$46 286 (2013: US$ nil). In 2014 no borrowing costs were capitalised to property, plant and equipment (2013: US$ nil).

### 6.2 Depreciation as presented for cash flow purposes

| | 2014 | 2013 |
|---|---|---|
| Depreciation of property, plant and equipment: | | |
| Continuing operations (note 6.1) | 157 236 | 202 559 |
| Discontinued operations | - | 26 844 |
| **Depreciation charge** | **157 236** | **229 403** |

### 6.3 Impairment of property and equipment

| | 2014 | 2013 |
|---|---|---|
| Impairment of property, plant and equipment | 46 286 | - |

The impairment of motor vehicles is due to an accident. The recoverable amount has been determined as nil. The impairment of farm equipment relates to a green house that was destroyed. The recoverable amount has been determined as nil.

### 6.4 Purchase of property and equipment

| | 2014 | 2013 |
|---|---|---|
| Additions per property, plant and equipment (note 6.1) | 685 298 | 88 728 |
| Assets acquired through settlement of trade receivables | - | (60 371) |
| Net cash used in purchase of property, plant and equipment | 685 298 | 28 357 |

Assets acquired through settlement of trade receivables, relate to services rendered by Dawn Property Consultancy (Private) Limited which were settled in the form of land, in 2013.

## 7 GOODWILL

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Opening net book amount | 120 186 | 120 186 |
| Impairment charge | - | - |
| **Closing net book amount** | **120 186** | **120 186** |

**Impairment tests for goodwill**

Goodwill is allocated to the property consultancy business operating segment. The recoverable amount of the cash generating unit is determined based on value in use calculations. These calculations have used pre-tax cash flow projections based on financial budgets approved by the Board. Cash flows beyond this period have been extrapolated using estimated future growth rates stated below. Key assumptions used for the value in use calculations in 2014 are as follows:

| | 2014 | 2013 |
|---|---|---|
| Growth rate | 0% | 0% |
| Discount rate | 15% | 15% |

A growth rate of 0% thereafter this is taking the assumption that current cash flows are maintained.

A negative growth rate of 10%, or an increase in discount rate of 10% over a projected 5year period would still maintain sufficient impairment headroom. No impairment charge arose as a result of the impairment test.

## 8 INVENTORIES

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Fuel | - | 1 572 |
| Stationery and consumables | 26 898 | 24 249 |
| | 26 898 | 25 821 |

## 9. TRADE AND OTHER RECEIVABLES

| | 2014 US$ | 2013 US$ |
|---|---|---|
| **Trade receivables:** | | |
| -Rent receivable | 248 704 | 265 225 |
| -Trade receivables from customers | 405 189 | 192 524 |
| Gross trade receivables | 653 893 | 457 749 |
| Less: allowance for impairment on trade receivables | (22 119) | (12 050) |
| Trade receivables - net | 631 774 | 445 699 |
| Prepayments | 19 566 | 35 911 |
| Loans to employees | 116 613 | 72 686 |
| Other receivables | 55 819 | 84 725 |
| | 823 772 | 639 021 |

### 9.1 The fair values of trade and other receivables are as follows:

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Trade receivables | 631 774 | 445 699 |
| Loans to employees | 116 613 | 72 686 |
| Other receivables | 55 819 | 84 725 |
| | 804 206 | 603 110 |

The carrying amount of trade and other receivables approximates fair values as the effect of discounting is not material. The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate value of their carrying amounts.

## 9 TRADE AND OTHER RECEIVABLES (CONTINUED)

### 9.2 Ageing of trade receivables as at 31 March 2014

| | Gross US$ | Impairment US$ | Net US$ |
|---|---|---|---|
| Fully performing | 393 135 | - | 393 135 |
| Past due 31-60 days | 83 365 | - | 83 365 |
| Past due 61-90 days | 77 321 | - | 77 321 |
| Past due 91-120 days | 44 123 | - | 44 123 |
| More than 120 days | 55 949 | (22 119) | 33 830 |
| | 653 893 | (22 119) | 631 774 |

**Ageing of trade receivables as at 31 March 2013**

| | Gross US$ | Impairment US$ | Net US$ |
|---|---|---|---|
| Fully performing | 418 067 | - | 418 067 |
| Past due 31-60 days | 13 723 | ( 2 194) | 11 529 |
| Past due 61-90 days | 4 779 | ( 730) | 4 049 |
| Past due 91-120 days | 13 499 | (6 141) | 7 358 |
| More than 120 days | 7 681 | (2 985) | 4 696 |
| | 457 749 | (12 050) | 445 699 |

### 9.3 Movements on the Group's allowance for impairment of trade receivables are as follows:

| | 2014 US$ | 2013 US$ |
|---|---|---|
| At the beginning of the year | ( 12 050) | ( 5 980) |
| Impairment allowance for the year | ( 10 069) | ( 6 070) |
| At the end of the year | ( 22 119) | ( 12 050) |

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

| | 2014 US$ | 2013 US$ |
|---|---|---|
| United States of America dollar | 777 903 | 574 906 |
| Botswana pula | 26 303 | 28 204 |
| | 804 206 | 603 110 |

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

### 9.4 Fair value of trade and other receivables

The fair value of trade and other receivables for the purpose of this disclosure, is calculated by the use of discounted cash flow techniques where the gross receivables balance are discounted at the Group's borrowing rate. Significant inputs in the valuation model are unobservable and are thus classified as level 3. There no long-term receivables and as such the effect of present valuing is negligible.

## 10 CASH AND CASH EQUIVALENTS

| | 2014 | 2013 |
|---|---|---|
| Cash and bank balances | 604 770 | 1 379 349 |
| Short term money market investments | 1 000 000 | - |
| Cash and cash equivalents | 1 604 770 | 1 379 349 |

## 11 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Property Facilities Systems (Private) Limited, was officially discontinued on 31 March 2013.

The reportable segments in which the non-current assets (held for sale and discontinued operations) are presented in accordance with IFRS 8, Operating Segments' are Property Services for Property Facilities Services (Private) Limited.

### 11.1 Financial disclosures for non-current assets held for sale

(a) Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group, is as follows:

| | Property Facility Systems (Private) Limited US$ | Total US$ |
|---|---|---|
| **For the year ended 31 March 2013** | | |
| Revenue | 274 240 | 274 240 |
| Expenses | (545 899) | (545 899) |
| Loss before income tax from discontinued operations | (271 659) | (271 659) |
| Loss on disposal of subsidiary | - | - |
| Income tax credit | - | - |
| **Loss for the year from discontinued operations** | **(271 659)** | **(271 659)** |

(b) Analysis of cash flows of components classified as discontinued operations is as follows:

| | | |
|---|---|---|
| **As at 31 March 2013** | | |
| Operating cash flows | (306 391) | (306 391) |
| Investing cash flows | - | - |
| **Total cash flows** | **(306 391)** | **(306 391)** |

## 12 SHARE CAPITAL

| | 2014 Number | 2013 Number |
|---|---|---|
| **12.1 Authorised** | | |
| Ordinary shares with a nominal value of US$0,00000739 | 4 000 000 000 | 4 000 000 000 |

### 12.2 Issued, and fully paid

| | Number of shares | Ordinary shares US$ | Share premium US$ | Total US$ |
|---|---|---|---|---|
| **Year ended 31 March 2014** | | | | |
| At the beginning of the year | 2 457 172 108 | 18 156 | 17 680 929 | 17 699 085 |
| Issued during the year | - | - | - | - |
| **At the end of the year** | **2 457 172 108** | **18 156** | **17 680 929** | **17 699 085** |
| **Year ended 31 March 2013** | | | | |
| At the beginning of the year | 2 457 172 108 | 18 156 | 17 680 929 | 17 699 085 |
| Issued during the year | - | - | - | - |
| **At the end of the year** | **2 457 172 108** | **18 156** | **17 680 929** | **17 699 085** |

The unissued shares are under the control of the directors. The directors are authorised to allot or dispose of unissued shares under their control at their discretion in accordance with the provisions of the Articles of Association and Memorandum of the Company, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements.

## 13 LINKED UNIT DEBENTURES

### 13.1 Authorised

| | 2014 Number | 2013 Number |
|---|---|---|
| Debentures with a nominal value of US$0.0000073 each. | 4 000 000 000 | **4 000 000 000** |

### 13.2 Issued and fully paid

| | Number of debentures | 2014 US$ | 2013 US$ |
|---|---|---|---|
| At the beginning of the year | 2 457 172 108 | 1 797 486 | 1 797 486 |
| Issued during the year | - | - | - |
| **At the end of the year** | **2 457 172 108** | **1 797 486** | **1 797 486** |
| **The linked unit debentures are split as follows:** | | | |
| Liability component | - | 1 590 696 | 1 590 696 |
| Capital component | - | 206 790 | 206 790 |
| | **2 457 172 108** | **1 797 486** | **1 797 486** |

The linked unit debentures are held by the ordinary shareholders in proportion to ordinary shares held. The unissued debentures are under the control of directors. The directors are authorised to issue the debentures under their control in accordance with the provisions of the Linked Unit Trust Deed (the "Deed"). The debentures bear interest at a rate determined by and at the sole discretion of the directors, and is payable in arrears on 31 August and 28 February in each year, for the six month period calculated up to and including 30 June and 31 December respectively.

For the year ended 31 March 2014, interest on debentures was US$ nil (2013: US$ nil).

There are no fixed repayment terms, however the debentures together with all interest accrued thereon shall become immediately payable on any of the events occurring;

- If the Company defaults in the payments of any interest on the debentures and continues such default more than fourteen days after receipt of a written notice from the Trustees demanding payment;
- If the Company commits a breach of any obligations under the Deed and within twenty one days after the receipt of notice in writing from the Trustees requiring the breach be remedied, fails to remedy the breach;
- If a final order shall be made to or an effective resolution is passed for the winding up of the Company other than winding up for purposes of reconstruction;
- If any final order shall be made placing the Company under the judicial management;
- If any material assets of the Company are attached under a writ of execution issued by any court and the writ is not satisfied within seven days after the attachment came to the notice of the Directors of the Company;
- If the Company, without the prior consent of the Trustees, makes any alterations in the provisions of its Memorandum or Articles of Association which in the Trustees' reasonable opinion detrimentally affects the interest of the linked unit holder or could do so;
- If the Company, without prior written consent, by way of an ordinary resolution of linked unit holders, changes its issued share capital resulting in a change in the debt to equity ratio;
- If the Company, without the prior written consent of the Trustee, convenes a meeting of the Company or any of its subsidiaries to consider the passing of a resolution authorising the alienation, sale or disposal of the whole or major part of the undertaking of the Company or its subsidiaries or to reduce the issued and paid up share capital of the Company.

## 13 LINKED UNIT DEBENTURES (CONTINUED)

### 13.2 Issued and fully paid (continued)

The debentures had a nominal value in Zimbabwe dollars, which was demonetised in 2009, no formal redenomination of the debentures has been done. As such the debentures US$ amount has been derived from using the exchange rate at the date of issuance.

The debentures may be converted at any time at the instance of the Company by a special resolution of the linked unit holders. Upon the passing of a special resolution for the conversion of the debentures, all the debentures in issue shall be converted into ordinary shares in the capital of the Company at a conversion rate of ninety-nine ordinary shares of one cent each for every debenture of ninety-nine cents. The Trustees of the Deed are Elton Steers Mangoma and Batanai Marvin Chingwena who carry on business as financial consultants in partnership under the style of "Corporate Excellence".

## 14. DEFERRED INCOME TAX

| | 2014 US$ | 2013 US$ |
|---|---|---|
| The analysis of deferred income tax assets and liabilities is as follows: | | |
| **Deferred income tax assets:** | | |
| -Deferred income tax asset to be recovered more than 12 months | - | - |
| -Deferred income tax asset to be recovered within 12 months | - | - |
| | - | - |
| **Deferred income tax liabilities:** | | |
| -Deferred income tax liability to be recovered after more than 12 months | 357 927 | 325 203 |
| -Deferred income tax liability to be recovered within 12 months | 345 750 | 401 604 |
| | 703 677 | 726 807 |
| **Deferred income tax liabilities (net)** | 703 677 | 726 807 |
| The gross movement on deferred income tax account is as follows: | | |
| At the beginning of year | 726 807 | 846 068 |
| Statement of comprehensive income charge (note 24) | ( 23 130) | ( 119 261) |
| **At the end of the year** | **703 677** | **726 807** |

## 14 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

| Deferred income tax liabilities | Accelerated tax depreciation US$ | Fair value gains US$ | Revaluation gains US$ | Other US$ | Total US$ |
|---|---|---|---|---|---|
| As at 1 April 2012 | (7 090 536) | 7 727 451 | 130 507 | 78 646 | 846 068 |
| Credited to the statement of comprehensive income | ( 119 261) | - | | - | (119 261) |
| **As at 31 March 2013** | **(7 209 797)** | **7 727 451** | **130 507** | **78 646** | **726 807** |
| As at 1 April 2013 | (7 209 797) | 7 727 451 | 130 507 | 78 646 | 726 807 |
| Credited to the statement of comprehensive income | ( 119 261) | 96 131 | - | - | (23 130) |
| **As at 31 March 2014** | **(7 329 058)** | **7 823 582** | **130 507** | **78 646** | **703 677** |

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future profits is probable. The Group did not recognise deferred income tax assets of in respect of assessable tax losses amounting to US$1 650 694 (2013: US$1 346 299) that can be carried forward against future taxable income.

## 15 TRADE AND OTHER PAYABLES

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Trade payables | 203 251 | 127 868 |
| Provisions (note 15.1) | 244 060 | 208 767 |
| Other payables | 42 015 | 74 399 |
| | 489 326 | 411 034 |

### 15.1 Analysis of movement in provisions:

| | Leave pay US$ | Bonus US$ | Total US$ |
|---|---|---|---|
| **As at 1 April 2012** | 77 946 | 231 683 | 309 629 |
| Current provision | 20 714 | 25 025 | 45 739 |
| Utilisation of provision | (69 827) | (76 774) | (146 601) |
| **As at 31 March 2013** | 28 833 | 179 934 | 208 767 |
| As at 1 April 2013 | 28 833 | 179 934 | 208 767 |
| Current provision | 14 623 | 20 670 | 35 293 |
| Utilisation of provision | - | - | - |
| **As at 31 March 2014** | 43 456 | 200 604 | 244 060 |

The fair value of trade and other payables approximates the carrying amounts presented because of their short tenor.

## 16 CURRENT TAX LIABILITIES

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Current tax liabilities as at 1 April | (17 115) | (13 470) |
| Given income tax on profits for the year (note 24) | 141 632 | 207 640 |
| Current tax liabilities as at 31 March | 33 511 | 17 115 |
| Income tax paid during the year | 158 028 | 211 285 |

## 17 INVESTMENT IN SUBSIDIARIES

| | 2014 US$ | 2013 US$ |
|---|---|---|
| At the beginning of the year | 19 503 998 | 19 503 998 |
| Acquisition of subsidiaries | - | - |
| **At the end of the year** | 19 503 998 | 19 503 998 |

## 17 INVESTMENT IN SUBSIDIARIES (CONTINUED)

**Dawn Properties Limited subsidiaries are listed in the table below:**

| Name | Country of incorporation | % of equity interest 2014 | % of equity interest 2013 |
|---|---|---|---|
| Dawn Real Estate (Private) Limited | Zimbabwe | 100% | 100% |
| Nhaka Properties (Private) Limited | Zimbabwe | 100% | 100% |
| Calpine Investments (Private) Limited | Zimbabwe | 100% | 100% |
| Gold Coast Properties (Private) Limited | Zimbabwe | 100% | 100% |
| Laclede Investments (Private) Limited | Zimbabwe | 100% | 100% |
| Dawn Property Consultancy (Private) Limited formerly CB Richard Ellis (Private) Limited | Zimbabwe | 100% | 100% |
| CBRE (Proprietary) Limited t/a CBRE Regional | Botswana | 100% | 100% |
| Lipthong Investments (Private) Limited | Zimbabwe | 100% | 100% |
| Ekodey (Private) Limited | Zimbabwe | 76% | 76% |
| Flemflora (Private) Limited | Zimbabwe | 100% | 100% |

CBRE (Proprietary) Limited domiciled in Botswana is being discontinued and the deregistration process had not been completed as at year end, expenses of US$10,131 were incurred in the current year as part of the winding down expenses.

**Summarised financial information on subsidiaries with material non-controlling interests**

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

| | Ekodey (Private) Limited | |
|---|---|---|
| **Summarised statement of financial position as at 31 March** | **2014 US$** | **2013 US$** |
| **Current** | | |
| Assets | 1 237 | 20 624 |
| Liabilities | ( 36 820) | ( 32 116) |
| **Total current net assets** | ( 35 583) | ( 11 492) |
| **Non-current** | | |
| Assets | 1 700 000 | 1 975 000 |
| Liabilities | (18 667) | ( 38 085) |
| Total non-current net assets | 1 681 333 | 1 936 915 |
| Net assets | 1 645 750 | 1 925 423 |
| **Summarised statement of comprehensive income for the year ended 31 March** | | |
| Revenue | - | - |
| Operating loss | (279 670) | ( 10 849) |
| Other comprehensive income | - | - |
| Total comprehensive income | (279 670) | ( 10 849) |
| Total comprehensive income allocated to non-controlling interests | (67 121) | ( 2 604) |

## 17 INVESTMENT IN SUBSIDIARIES (CONTINUED)

There is no summarised cash flows as all payments are processed through inter company transactions. The company is a property holding entity and owns the Brondesbury Hotel which is not operational.

The information above is the amount before inter-company eliminations.

## 18 REVENUE

| | | |
|---|---|---|
| Operating lease rentals | 2 415 134 | 2 608 780 |
| Property sales commission and management fees | 2 354 542 | 2 144 371 |
| Valuations of property, plant and equipment | 771 582 | 935 218 |
| | 5 541 258 | 5 688 369 |

## 19 PROFIT/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|---|---|
| Proceeds from disposal of property, plant and equipment | 40 653 | 25 524 |
| Net book amount (note 6) | (5 663) | (181 153) |
| Profit/(loss) on sale of property, plant and equipment | 34 990 | (155 629) |

## 20. LOSS ON DISPOSAL OF SUBSIDIARY

| | 2014<br>US$ | 2013<br>US$ |
|---|---|---|
| Dawn Produce (Private) Limited a 70% owned subsidiary was disposed of on 31 May 2012. | | |
| Carrying amount of non-controlling interests | - | 684 529 |
| Property, plant and equipment | - | 277 161 |
| Current assets | - | 161 997 |
| Current liabilities | - | (359 168) |
| Carrying amount of subsidiary as at date of disposal | - | 764 519 |
| Consideration received from non-controlling interests (note 11) | - | ( 1) |
| Loss on disposal | - | 764 518 |

## 21. EXPENSE BY NATURE

### 21.1 Administration expenses

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Employee benefit expenses (note 21.3) | 1 732 473 | 1 609 092 |
| Depreciation, amortisation and impairment charges (note 21.4) | 203 522 | 202 559 |
| Audit fees: | | |
| - Internal audit services - outsourced | 42 330 | 15 811 |
| - Independent external audit services | 132 664 | 121 000 |
| Taxation services | 21 221 | 14 869 |
| Directors fees | 79 625 | 75 125 |
| Travelling expenses | 104 538 | 116 456 |
| Telephone and fax | 133 600 | 112 521 |
| Staff training and security | 128 377 | 75 864 |
| Advertising and commissions | 244 473 | 234 250 |
| Motor vehicle expenses | 161 926 | 184 950 |
| Project expenses | - | 148 455 |
| Rent, repairs and maintenance | 319 184 | 195 968 |
| Consultancy | 351 642 | 174 102 |
| Electricity and water | 42 059 | 52 763 |
| Insurance | 140 521 | 72 538 |
| Legal and statutory fees | 102 052 | 91 118 |
| Printing and stationery | 62 712 | 72 853 |
| **Total administration expenses** | **4 002 919** | **3 570 294** |
| **Other expenses** | | |
| Fines and penalties | 171 436 | - |
| Bad debts | 148 766 | 61 122 |
| Valuation fees | 50 408 | 30 865 |
| Subscriptions | 22 262 | 35 311 |
| Teas and cleaning | 11 846 | 44 424 |
| Staff welfare | - | 66 273 |
| Sundry expenses | 77 553 | 113 059 |
| **Total other expenses** | **482 271** | **351 054** |
| **Total expenses** | **4 485 190** | **3 921 348** |

### 21.3 Employee benefits expenses

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Salaries and wages | 1 180 214 | 1 143 351 |
| Social security costs | 93 745 | 82 582 |
| Medical aid | 83 420 | 75 897 |
| Education allowances | 147 277 | 100 846 |
| Bonuses | 124 562 | 122 225 |
| Cash in lieu of leave | 80 791 | 72 894 |
| Other | 22 464 | 11 297 |
| **Total** | **1 732 473** | **1 609 092** |
| Number of employees at reporting date | 67 | 68 |

## 21 EXPENSES BY NATURE (Continued)

### 21.4 Depreciation, amortisation and impairment charges

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Depreciation charge for the year (note 6.2) | 157 236 | 202 559 |
| Impairment charge for the year (note 6.3) | 46 286 | - |
| **Total** | **203 522** | **202 559** |

## 22 FINANCE INCOME/(COST)

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Interest income on short term deposits | 23 110 | 16 645 |
| Interest expense on bank borrowings | - | - |
| **Finance income - net** | **23 110** | **16 645** |

## 23 PROFIT BEFORE INCOME TAX

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Profit before income tax from continuing operations | 2 278 595 | 1 650 879 |
| Loss before income tax from discontinued operations (note 11.1 (a)) | (10 131) | (1 311 053) |
| **Profit before income tax** | **2 268 464** | **339 826** |

## 24 INCOME TAX EXPENSE/(CREDIT)

### 24.1 Income tax expense

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Current income tax on profits for the year (note 16) | 141 632 | 207 640 |
| Deferred income tax (note 14) | (23 130) | (119 261) |
| **Income tax expense** | **118 502** | **88 379** |

### 24.2 Income tax expense reconciliation

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the income tax rate of 25.75% (31 March 2013: 25.75%) on the applicable consolidated profits of the Group as follows:

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Profit before income tax | 2 278 595 | 1 650 879 |
| Tax calculated at domestic rates applicable to profits | 586 738 | 425 101 |
| Tax effects of : | | |
| – Expenses not deductible for tax purposes | 48 136 | 83 093 |
| – Expenses taxed at different rates (Botswana) | ( 3 342) | (9 675) |
| – Utilisation of previously unrecognised tax losses | (425 054) | (346 672) |
| – Effect of temporary differences on which capital gains tax rate was applied | (95 417) | (65 217) |
| – Other | 7 441 | 1 750 |
| **Income tax charge** | **118 502** | **88 380** |

The Group has no tax-related contingent liabilities and contingent assets in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.

## 25 OPERATING LEASE

The Group leases investment properties namely its hotel portfolio to African Sun Limited and farm land to other parties under various lease agreements with the following terms:

| Property | Initial lease date | Current expiry date for the second 10 year period | Remaining effective period of lease including renewal period | Lease payment |
|---|---|---|---|---|
| Carribea Bay Sun | 08.08.2003 | 30.06.2023 | 40 years | Trading revenue* |
| Carribea Bay Marina | 15.09.2006 | 30.06.2016 | 40 years | Trading revenue |
| Crowne Plaza Monomotapa | 08.08.2003 | 30.06.2023 | 40 years | Trading revenue |
| Elephant Hills Resort and Conference Centre | 08.08.2003 | 30.06.2023 | 40 years | Trading revenue |
| Beitbridge Express | 15.09.2006 | 30.06.2016 | 40 years | Trading revenue |
| Great Zimbabwe Hotel | 15.09.2006 | 30.06.2016 | 40 years | Trading revenue* |
| Amber Hotel Mutare | 15.09.2006 | 30.06.2016 | 40 years | Trading revenue |
| Hwange Safari Lodge | 15.09.2006 | 30.06.2016 | 40 years | Trading revenue |
| Lake View Inn (not operational) | 08.08.2003 | 30.06.2023 | 40 years | n/a |
| Troutbeck Sun | 15.09.2006 | 30.06.2016 | 40 years | Trading revenue* |
| Farm land (Mazowe) | 01.06.2012 | 31.05.2015 | 1.3 years | US$1 000 per month |
| Farm land (Marlborough) | 01.07.2012 | 30.06.2014 | 0.4 years | US$2 000 per month |
| Brondensbury Hotel (not operational) | n/a | n/a | n/a | n/a |
| Baines Avenue stand (not operational) | n/a | n/a | n/a | n/a |
| Glenlorne stand (not operational) | n/a | n/a | n/a | n/a |

There are no contingent payments under all the lease agreements above.
Trading revenue* - lease rental based on trading revenue and 5% on food and beverage revenue. Lease rentals are 10% of trading revenue for those leases to which this is applicable.
For the purpose of determining rental income, trading revenue is defined as follows;
-All revenues from accommodation;
-All revenues from sale of goods in the kiosk(s) or shop(s) operated by the lessee on the property;
-All rentals receivable by the lessee from space sub-let by the lessee within the property;-All fees, charges and other revenue derived from all sporting, entertainment, tourist facilities, amenities and services provided by the lessee on the property or in connection with the lessee' s business conducted thereon;
-All revenue earned by the lessee from casino operations conducted by the lessee on the property and;
-All surcharges levied by the lessee on its foreign customers and excludes:
-Any sums received or receivable in respect of sales tax, bed levies or any other government tax, levy, charge and the like that are collected by the lessee and charged to its customers;
-Telephone and other similar guest services provided by the lessee, the recovery whereof is primarily for the purposes of recouping costs; and
-Any debts written off which should be deducted, provided that should any amounts so written off be subsequently recovered, they shall be added back to trading turnover.
-The first 10 year leases expired during the current financial year and the lessee exercised their option to renew another 10 years. The lessee has the option to renew the leases for three 10 year periods resulting in a 40 year remaining effective lease period. Future minimum lease payments could not be determined as rental is based on revenue as generated by African Sun Limited. The lease agreements are in the process of being renegotiated.

## 26 RELATED PARTY TRANSACTIONS

The Group leases out all its hotel property to African Sun Limited who have a 16.54% stake in the Company. The leases are structured in a way that charges rentals related to turnover.

The following transactions were carried out with related parties:

| | 2014 US$ | 2013 US$ |
|---|---|---|
| **26.1 Lease rentals** | | |
| Lease rentals (note 18) | **2 415 134** | **2 608 780** |

### 26.2 Key management compensation

Key management includes Executive Directors of the Company and its subsidiary companies, and the Finance Executive. The compensation paid to key management for employee services are shown below:

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Salaries and other short-term employee benefits as management | 660 273 | 528 185 |
| Services as directors | 79 625 | 81 706 |
| Termination benefits | - | 227 286 |
| | **739 898** | **837 177** |
| **26.3 Valuation services** | | |
| Valuation services - Dawn Property Consultancy (Private) Limited | **50 197** | **17 500** |
| **26.4 Purchase of property and equipment** | | |
| Purchase of property- Dawn Property Consultancy (Private) Limited | - | **16 465** |
| **26.5 Pension funds** | | |
| Contribution to pension funds | **86 504** | **79 893** |
| **26.3 Year end balances arising from provision of services** | | |
| **Receivables from related parties** | | |
| African Sun Limited | **248 704** | **170 270** |

The receivables from related parties arise mainly from lease of hotel properties and are due within the month of provision. The receivables are unsecured in nature and bear no interest. No impairment allowances are held against receivables from related parties (2013: US$nil)

| | 2014 US$ | 2013 US$ |
|---|---|---|
| **Loans from related parties** | | |
| Debentures held by shareholders in their respective shareholding percentages ("Linked units") | 1 797 486 | 1 797 486 |

Linked unit debentures are at an interest rate determined by the directors. The debentures bear interest at a rate determined by and at the sole discretion of the directors, and is payable in arrears on 31 August and 28 February in each year. There are no fixed repayment terms.

## 27 EARNINGS PER SHARE

### 27.1 Basic earnings per share

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

| | 2014 | 2013 |
|---|---|---|
| Profit from continuing operations attributable to the owners of the parent | 2 217 083 | 1 570 589 |
| Loss from discontinued operations attributable to the owners of the parent | - | (1 311 052) |
| **Total** | **2 217 083** | **259 537** |
| Weighted average number of ordinary shares in issue (numbers) | 2 457 172 108 | 2 457 172 108 |
| Earnings per share (US cents) | 0.09 | 0.01 |

### 27.2 Diluted earnings per share

The Company has no arrangments that will dilute ordinary shares, therefore the diluted earnings per share are the same as the basic earnings per share.

### 27.3 Headline earnings per share

| | 2014 US$ | 2013 US$ |
|---|---|---|
| Profit attributable to equity holders | **2 217 083** | **1 570 589** |
| Adjusted for excluded remeasurements | | |
| (Profit)/loss on disposal of property and equipment | (34 990) | 155 629 |
| Impairment loss on property and equipment | 46 286 | - |
| Fair value gain on remeasurement of investment property | (1 137 584) | - |
| Headline earnings | 1 100 926 | 1 726 218 |
| Weighted average number of ordinary shares in issue (numbers) | 2 457 172 108 | 2 457 172 108 |
| Headline earnings per share (US cents) | 0.04 | 0.07 |

## 28 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business from service and product perspectives. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the Chief Operating Decision Maker.

The reportable operating segments derive their revenue primarily from rental income from lessees and property valuation, management and consultancy services. The Executive Committee assesses the performance of the operating segments based on a measure of operating profit. The Group has determined that its Chief Operating Decision Maker is the Executive Committee of the Group.

The Company and all its subsidiaries except for CBRE (Proprietary) Limited domiciled in Botswana are domiciled in Zimbabwe. The revenue from customers in Zimbabwe is US$5 541 258 (2013: US$5 688 369) and the total revenue from customers from other countries is US$nil (2013: US$nil).

The total of non-current assets other than financial instruments and deferred income tax assets located in Zimbabwe is US$89 077 803 (2013: US$87 064 666). Revenue of approximately US$2 415 134 (2013: US$2 608 780) is derived from a single customer. These revenues are attributable to the investment property segment.

There were no inter-segment revenues as all sales are to external customers excerpt for valuations conducted by Dawn Property Consultancy (Private) Limited for financial reporting purposes. The segment information provided to the Executive Committee for the reportable segments for the year ended 31 March2014 is as follows::

- Investment property: The principal business is that of investing in investment properties in the form of 10 hotel properties and land bank.
- Property services: Involved in real estate consultancy, building, plant and machinery valuations and property management and agency.

| | Investment Property | | Property Services | | Total | |
|---|---|---|---|---|---|---|
| | US$ 2014 | US$ 2013 | US$ 2014 | US$ 2013 | US$ 2014 | US$ 2013 |
| **Revenue** | | | | | | |
| - internal customers | - | - | 50 197 | 17 500 | 50 197 | 17 500 |
| - external customers | 2 415 134 | 2 608 780 | 3 126 124 | 3 079 589 | 5 541 258 | 5 688 369 |
| Operating profit | 1 693 946 | 902 871 | 561 540 | 731 362 | 2 255 486 | 1 634 233 |
| Income tax (expense)/credit | 8 902 | 113 666 | (127 404) | (202 045) | ( 118 502) | (88 379) |
| **Included in operating profit:** | | | | | | |
| Depreciation | 73 617 | 69 323 | 83 619 | 133 236 | 157 236 | 202 559 |
| Impairment | 1 488 | - | 44 798 | - | 46 286 | - |
| Finance income | 23 110 | 16 645 | - | - | 23 110 | 16 645 |
| **Non current assets:** | | | | | | |
| Investment property | 85 435 000 | 84 297 416 | - | - | 85 435 000 | 84 297 416 |
| Property, plant and equipment | 773 017 | 632 183 | 473 873 | 138 594 | 1 246 890 | 770 777 |
| Goodwill | - | - | 120 186 | 120 186 | 120 186 | 120 186 |
| **Current assets:** | | | | | | |
| Inventories | - | - | 26 898 | 25 821 | 26 898 | 25 821 |
| Trade and other receivables | 297 113 | 320 957 | 526 659 | 318 064 | 823 772 | 639 021 |
| Cash and cash equivalents | 1 542 651 | 1 048 949 | 62 119 | 330 400 | 1 604 770 | 1 379 349 |
| **Total assets** | **88 047 781** | **86 299 505** | **1 209 735** | **933 065** | **89 257 516** | **87 232 570** |
| Additions to property, plant and equipment | 212 740 | 1 383 | 472 558 | 87 345 | 685 298 | 88 728 |
| Total current liabilities | 290 478 | 76 446 | 232 359 | 351 703 | 522 837 | 428 149 |
| **Deferred income tax** | **676 124** | **693 783** | **27 553** | **33 024** | **703 677** | **726 807** |
| Investment property, fair value adjustments | 1 137 584 | - | - | - | 1 137 584 | - |

## 29 RETIREMENT BENEFIT OBLIGATION

The Group and all employees contribute to the following independently administered pension funds:

**Dawn Properties Limited pension and life assurance scheme**

The fund is a fully funded, uninsured, and consolidated defined contribution plan. All employees are members of this fund and they all contribute to a defined contribution plan.

**National Social Security Authority Scheme**

The Group and its employees contribute to the National Social Security Authority. This is a social security scheme which was promulgated under the National Social Security Statutory Act (Chapter 17:04). The Group's obligations under this scheme are limited to the specific contributions legislated from time to time. These are presently 3.5% of US$700 per employee maximum.

## 30 DIVIDENDS PER SHARE

The interim dividend paid in 2014 was US$ 196 574 ( US$ 0.0008 per share) and 2013 (US$ nil).

## 31 DIRECTORS SHAREHOLDING

| | | 2014 Number of shares | 2013 Number of shares |
|---|---|---|---|
| J. Dowa | | 470 953 | - |
| B. Ndebele | | 500 | 500 |
| D. Goldwasser | - Direct shareholding | - | 30 679 292 |
| | - Indirect shareholding (Tanvest (Private) Limited) | 220 648 249 | 227 935 538 |
| | | 221 119 702 | 258 615 330 |

## 32 CONTINGENCIES

The Group and Company have no significant contingent liabilities as at 31 March 2014 except for a disagreement with a Zimbabwe Revenue Authority investigation. Analysis by tax specialists has indicated that the possibility of the Group losing the case is remote, however the matter has been appealed at the High court and the lawyers have no indication of the outcome of the case. If the appeal is unsuccessful the Company is liable to tax penalty and interest amounting to US$1,7 million and discontinuance of wear and tear allowances claimed on the investment property.

### 32.1 Operating lease commitments

**As lessor**

**(i) Hotel properties**

The first 10 year leases expired during the current financial year and the lessee exercised their option to renew another 10 years. The lessee has the option to renew the leases for three 10 year periods resulting in a 40 year remaining effective lease period. Future minimum lease payments could not be determined as rental is based on revenue as generated by African Sun Limited. The lease agreements are in the process of being renegotiated.

## 32 CONTINGENCIES (CONTINUED)

### 32.1 Operating lease commitments (continued)

**(ii) Farm lease**

| | 2014 US$ | 2013 US$ |
|---|---|---|
| No later than 1 year | 36 000 | 36 000 |
| Later than 1 year and no longer than 5 years | 20 000 | 27 000 |
| Later than 5 years | - | - |
| | **56 000** | **63 000** |

**As lessee**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

**(i) Beverley Court**

| | | |
|---|---|---|
| No later than 1 year | 181 646 | 181 646 |
| Later than 1 year and no longer than 5 years | 459 048 | 459 048 |
| Later than 5 years | - | - |
| | **640 694** | **640 694** |

## 33 COMMITMENTS

The Group and Company have no capital commitments outstanding at year end (31 March 2013: US$nil) in respect of purchases of property, plant and equipment, investment property and intangible assets.

## 34 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

### 34.1 Linked unit debentures conversion

The Board is considering converting the Dawn Properties Limited Linked Unit capital structure to an all ordinary capital structure by de-linking Dawn Properties Limited ordinary share and Dawn Properties Limited debenture from the Linked Unit so as to no longer constitute a Linked Unit; redemption of debentures in issue for a cash consideration per debenture and Dawn Properties Ordinary Shares and the subsequent cancellation of the redeemed debentures and termination of the Dawn Properties Limited Linked Unit Trust Deed.

### 34.2 Lipthong Investments (Private) Limited

On 22 July 2009, Dawn Properties Limited entered into an agreement of sale in terms of which it acquired the whole of the issued shares of Lipthong Investments (Private) Limited. Of the 20 000 authorised share capital 10 002 shares had been issued. Lipthong Investments (Private) Limited owns an immovable property being the remaining extent of stand 1649 Salisbury Township measuring 1441 square metres held under deed of transfer 2231/2001, generally called 35 Baines Avenue, Harare. One of the shareholders in Lipthong (Private) Limited has come to Dawn Properties indicating that he was not aware of the transaction to, and did not sell his shares to Dawn Properties Limited. The concerned shareholder has indicated a willingness to settle.

### 34.3 Dividend Declaration

On 14 May 2014, the Board of Directors declared a final dividend, No.1 of US0.00121 cents which brings the total dividend for the year ended 31 March 2014 to US 0.00921 cents per linked unit payable out of the profits of the Group for the year ended 31 March 2014. In accordance with IAS 10, "Events after the reporting period," the dividends declared on 14 May 2014, were declared after the reporting period, therefore these dividends have not been accounted as a liability as at 31 March 2014, but have been disclosed in the notes and will be accounted in the financial statements for the year ending 31 March 2015.

# Analysis of Shareholders

## SHAREHOLDER DISTRIBUTION

| | Number of shareholders | % | Issued shares | % |
|---|---|---|---|---|
| 1-5000 | 6 069 | 68.62% | 7 919 611 | 0.32% |
| 5001 - 10000 | 896 | 10.13% | 6 422 450 | 0.26% |
| 10001 - 25000 | 736 | 8.32% | 11 892 243 | 0.48% |
| 25001 - 50000 | 430 | 4.86% | 15 090 770 | 0.61% |
| 50001 - 100000 | 254 | 2.87% | 17 336 170 | 0.71% |
| 100001 - 200000 | 144 | 1.63% | 20 533 219 | 0.84% |
| 200001-500000 | 114 | 1.29% | 36 977 606 | 1.50% |
| 500001 - 1000000 | 87 | 0.98% | 61 232 367 | 2.49% |
| 1000001 and above | 115 | 1.30% | 2 279 767 672 | 92.79% |
| **TOTAL** | **8 845** | **100.00%** | **2 457 172 108** | **100.00%** |

## ANALYSIS BY INDUSTRY

| INDUSTRY | Number of shareholders | % | Issued shares | % |
|---|---|---|---|---|
| Local companies | 795 | 8.99% | 885 111 850 | 36.02% |
| Investments | 77 | 0.87% | 370 672 276 | 15.09% |
| Foreign nominees | 54 | 0.61% | 292 103 425 | 11.91% |
| Insurance companies | 26 | 0.29% | 272 750 710 | 11.10% |
| Local nominees | 114 | 1.29% | 180 962 639 | 7.36% |
| Pension funds | 121 | 1.37% | 174 143 842 | 7.08% |
| Local individual resident | 7 201 | 81.43% | 105 257 239 | 4.29% |
| New non resident | 210 | 2.37% | 94 458 084 | 3.84% |
| Fund managers | 44 | 0.50% | 32 061 607 | 1.30% |
| Foreign companies | 11 | 0.12% | 20 661 437 | 0.84% |
| Banks | 5 | 0.06% | 19 947 612 | 0.81% |
| Charitable and trusts | 113 | 1.28% | 7 685 625 | 0.30% |
| Deceased estates | 71 | 0.80% | 1 182 624 | 0.04% |
| Government/Quasi - government | 2 | 0.02% | 166 205 | 0.00% |
| Foreign individuals resident | 1 | 0.01% | 6 933 | 0.00% |
| **TOTAL** | **8 845** | **100%** | **2457 172 108** | **100%** |

# Analysis of Shareholders (Continued)

## TOP 10 SHAREHOLDERS

| Rank | Shareholder | Issued Shares | % total |
|---|---|---|---|
| 1 | African Sun Limited | 406 466 976 | 16.54% |
| 2 | Lengrah Investments (Private) Limited | 365 716 551 | 14.88% |
| 3 | Old Mutual Zimbabwe Limited | 249 647 184 | 10.16% |
| 4 | Standard Chartered Nominees (Private) Limited | 224 839 232 | 9.15% |
| 5 | Tanvest (Private) Limited | 220 648 249 | 8.98% |
| 6 | Old Mutual Life Assurance Company Zimbabwe Limited | 192 975 024 | 7.85% |
| 7 | Fed Nominees (Private) Limited | 114 167 617 | 4.65% |
| 8 | National Social Security Authority (NSSA NPS) | 45 249 544 | 1.84% |
| 9 | Stanbic Nominees (Private) Limited (NNR) | 41 282 208 | 1.68% |
| 10 | Other | 596 179 523 | 24.27% |
| | **TOTAL** | **2 457 172 108** | **100.00%** |

## SHARE PRICE INFORMATION

| | US cents |
|---|---|
| 31 March 2013 | 0.85 |
| 31 March 2014 | 0.75 |

Non public shareholders are defined in the Zimbabwe Stock Exchange Listing Requirements, which requires disclosure of public and non public shareholders, as follows:

- The directors of the company;
- An associate of the company or any subsidiaries;
- The Trustees of any employee' share scheme or pension fund established for the benefit of any director or employees of the Company and its subsidiaries.
- Any person who, by virtue of any agreement, has the right to nominate a person to the Board of the Company;
- Any person who, is interested in more than 10% or more of the securities of the Company of the relevant class unless exempted by the Committee.

African Sun Limited, Old Mutual Life Assurance Company Limited, Standard Chartered Nominees (Private) Limited and the directors shareholding disclosed in note 31 are categoriesed as non-public shareholders of the Company.

# Notice to Members

NOTICE IS HEREBY GIVEN that the eleventh Annual General Meeting of members will be held in the Ophir Room, Crowne Plaza Monomotapa Harare, 54 Parklane, Harare on Friday 12 September 2014 at 1000 hours, for the purpose of transacting the following business:-

## ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements for the year ended 31 March 2014 together with the Report of the Directors and Auditors thereon.

2. To appoint Directors.

   In terms of the articles of association Messrs R Makoni and M Mukonoweshuro retire by rotation at the forthcoming Annual General Meeting and being eligible these directors offer themselves for re-election.

   During the year Messrs I R Saunders and P Matute were appointed as directors of the company on 14 May 2014. Ratification of these appointments is sought and being eligible they offer themselves for re-election at the Annual General Meeting.

3. To approve the remuneration of the auditors for the financial year ended 31 March 2014 and to appoint auditors of the company for the ensuing year.

4. To approve the remuneration of the Directors.

5. To transact all such other business as may be conducted at an Annual General Meeting.

### Proxies

Members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not be a member of the company.

Proxy forms must reach the company's registration office not less than 48 hours before the meeting.

By Order of the Board

**N M Tome (Mrs)**
**Company Secretary**
26 June 2014

# Proxy Form

I/We of ______________________________________________ being a member/ members of the above named company,

hereby appoint _______________________________________ of ____________________________

or failing him/her _____________________________________________ of ____________________________

as my/ our proxy to vote for me/us on my behalf at the annual general meeting of the company to be held on Friday 12 September 2014 and at any adjournment thereof.

Signed this ___________________________ day of ____________________________ 2014

1. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a member.

2. Proxy forms should be lodged at the registered office of the company by no later than 48 houses before the time of holding the meeting.

3. Unless specific voting instructions are noted on this form of proxy, the appointee shall vote as he thinks fit.

## Change of Advice

The attention of shareholders is drawn to the necessity for keeping the transfer secretaries advised of any change in name and/ address.

Shareholder's name in full (block letters)

____________________________________________

New address (block letters)

____________________________________________

____________________________________________

Shareholder's signature

____________________________________________

Registered Office: 8th Floor Beverley Court, 100 Nelson Mandela Avenue, Harare, Zimbabwe. Box CY 1618, Causeway, Harare
Phone: +263-4-790032, 703294,703409,793326,730775. Fax: +263-4-796172. Email: info@dawnpro.co.zw

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