



For Livelihoods. For Sustainability.



2022

INTEGRATED
SUSTAINABILITY
REPORT

Table of Contents

01

Our Journey Vision, Mission and Values	04
Corporate Information	06
Our Core Business	10

02

Chairman's Report	12
Chief Executive Officer's Report Operational Performance	14
Corporate Governance Report	17
Sustainability Report	21
Market Presence	25

03

Independent Auditor's Report	34
Audited Financial Statements	38



2022

INTEGRATED
SUSTAINABILITY
REPORT



Our Journey

Who we are Vision, Mission and Values

Our Vision



"Towards sustainable tobacco production, enhanced marketing systems and improved livelihoods in Zimbabwe by 2025."

Our Mission



"To promote the viable sustainable growth and marketing of the tobacco and related products through regulation and coordination of tobacco value chains."

Our Values



- Client and Stakeholder Satisfaction
- Integrity
- Teamwork
- Accountability
- Innovation



Client and stakeholder satisfaction

We strive to ensure that our stakeholders are happy with our services through engagement and facilitation of equitable dealings. Integrity - our actions are always guided by transparency, honesty, and fairness.



Integrity

Our actions are always guided by transparency, honesty, and fairness.



Teamwork

We believe in the inherent worth of all people and the collaborative effort of our employees to achieve common goals, effectively and efficiently.



Accountability

We strive to ensure that all stakeholders in the Tobacco Industry, TIMB employees and management are answerable for their conduct, be it actions or omissions, behaviors, performance, and decisions.



Innovation

TIMB continues the path of introducing innovative, relevant, viable business models and sustainable interventions meant to ensure and facilitate growth of the industry without compromising the needs of future generations.

A large, high-ceilinged warehouse with a complex steel truss roof. The floor is filled with hundreds of large, brown, burlap-wrapped bales of tobacco. In the background, many people are working, some standing and others moving bales. A sign hangs from the ceiling that says "TSE A Sale Starts here" with a green arrow pointing down. The wall in the background has numbered stalls from 5 to 34. The overall lighting is warm and slightly dim, typical of an indoor industrial space.

2022

INTEGRATED SUSTAINABILITY REPORT

Corporate Information

Tobacco Industry and Marketing Board (TIMB) is a Zimbabwean regulatory and advisory statutory board established in terms of the Tobacco Industry and Marketing Act [Cap 18:20].

Period Of Accounts

Year ended 31st December 2022

Board Members

Mr Patrick Devenish - Chairman - Non-Executive Director
Mrs Nomusa Dube - Vice Chairperson - Non-Executive Director
Mrs Kundai Makuku - Non-Executive Director
Mrs Marjorie Munyonga - Non-Executive Director
Mrs Memory Mashaya - Non-Executive Director
Mr Robert Webb - Non-Executive Director
Lt. Gen. Rtd. Dr. E. Rugeje - Non-Executive Director

Executives

Mr Emmanuel Matsvaire - Chief Operating Officer (Acting Chief Executive Officer)
Mr Willard Zidyambanje - Chief Finance Officer

Company Secretary

Mrs Tariro Mukoko

Bankers

Stanbic Bank
Ecobank

Lawyers

Muvingi and Mugadza Legal Practitioners

Registered Office

429 Gleneagles Road, **Southernton, Harare**
P O Box 10214, Harare, Zimbabwe

Telephone: 0712145166-9, 08677004624, 0242621740, 621743, 621744

Email: info@timb.co.zw

www.timb.co.zw



2022

INTEGRATED
SUSTAINABILITY
REPORT

Corporate Information

Board Members



Mr Patrick Devenish
Chairman



Mrs Kundai Makuku
Non-Executive Director



Mrs Memory Mashaya
Non-Executive Director

Mrs Nomusa Dube
Vice Chairperson
Non-Executive Director

Mrs Marjorie Munyonga
Non-Executive Director

Management Team



Mrs Tariro Mukoko
Company Secretary



Mr Blessing Dhokotera
Head Tobacco Operations



Mr Tapiwa Chimedza
Head Business
Development



Mr Edson Nhemachena
Head ICT



Mr Russel Muzhandu
Regional Manager

Executives



Lt. Gen. Rtd. Dr. E. Rugeje
Non-Executive Director

Mr Robert Webb
Non-Executive Director



Mr Emmanuel Matsvaire
Chief Operating Officer
(Acting Chief Executive Officer)



Mr Willard Zidyambanje
Chief Finance Officer



Mr Brighton Nyangombe
Regional Manager

Mr Isiah Hokonya
Inspectorate Manager

Mr William Bapire
Financial Accountant

Mr Judas Chitsike
Regional Manager

Mr Peter Remwa
Regional Manager

Mr Trust Verenga
Cost Management
Accountant

Our Core Business

Our core mandate is to control and regulate the growing, marketing and exporting of tobacco in Zimbabwe. The Board caters for the interests of all classes of tobacco growers, buyers, and other stakeholders.

TIMB is mandated in terms of section 16 of the Act to promote, protect and maintain the sale of tobacco; to collate statistics relating to the provision, marketing, manufacture and consumption of tobacco; to distribute market studies and information relating to the marketing, manufacture and consumption of tobacco; to advise the Minister on all matters relating to the marketing of tobacco; to do all things which the Tobacco Industry and Marketing Act [Chapter 18:20] requires.

Our Regional Offices

In line with the Devolution Agenda, TIMB complements government efforts in ensuring that stakeholders have access to services at grassroots level. We have established regional offices as follows:

- **Chinhoyi**
- **Bindura**
- **Mvurwi**
- **Karoi**
- **Marondera**
- **Mutare**
- **Rusape**



Offices

Access to services at grassroots level.

The regional offices are strategically positioned following the demography of registered tobacco growers in Zimbabwe. The introduction of regional offices saw improvement in the skills of our growers as well as the quality of their produce. This improvement is largely attributed to the presence of field officers in the respective provinces to offer extension services in collaboration with ARDAS (Agritex) officers.



TIMB Rebranding

TIMB succesfully
rebranded in 2022



Chairman's Report

Introduction

I am pleased to present the Tobacco Industry and Marketing Board's 2022 Annual Report. This report constitutes the TIMB's overall strategic framework for long-term value creation and a review of performance and governance over the past year. In achieving these goals, the Board's priorities among others are to ensure compliance with regulations, improved viability for growers and increased and sustainable tobacco production.

Environment Overview

The geopolitical instability in Ukraine and Russia in 2022 adversely affected supply value chains resulting in increased input prices for our valued tobacco growers particularly for fertilisers and chemicals thereby increasing the cost of production and posing viability challenges for farmers. In addition, the effects of COVID-19 restrictions affected tobacco exporters in the first quarter of 2022 with significant constraints in availability of shipping.

The local economic environment remained characterised by high inflation, exchange rate volatility, and a high cost of funding. In response to inflationary pressures, several monetary policy interventions which were introduced by authorities helped improve the situation with annual inflation which reached a peak of 285% by August 2022 easing down to 244% by end of December 2022.

Despite these challenges, the Board managed to operate within its budget and was in a healthy financial position stemming from measures implemented to plug revenue leakages as well as cost containment initiatives and tight liquidity management.

Highlights for 2021/2022 Production and Marketing Season

The selling season was 124 days long, 4 days more than the previous year. A total of 212 million kgs of tobacco was sold in 2022 compared to 211kg sold in 2021. The gross value of tobacco sold stood at US\$ 650 million against US\$ 589 million in 2021. The seasonal average price was US\$3.06 per kilogram, up from US\$ 2.79 per kilogram achieved in 2021.

Sustainability

TIMB remains committed to the sustainability program. The Tobacco Industry is highly dependent on conducive climatic conditions. It is TIMB's paramount concern that climate change and climate related risk are major threats to the very existence of our sector. To this end, the Board is involved in several initiatives to mitigate these risks, such as gas curing as a mechanism of curtailing reliance on firewood, strategic partnership with stakeholders such as the Sustainable Afforestation Association, for afforestation and reforestation programs and the

strict enforcement of the Afforestation Levy payment by merchants. In 2022, TIMB engaged in an afforestation program, wherein USD 150 000 was placed on the budget specifically for the Afforestation program. TIMB has adopted and assimilated principles enshrined in the National Vision 2030 of leaving no one and no place behind by placing much emphasis on being socially responsible in its fashion of carrying out its practices and ensuring that it positively changes lives in different communities in Zimbabwe and the Tobacco Industry at large. In that regard, training was convened in different communities with the objective of eliminating child labour and modern-day slavery by educating people on their human rights.

Addressing Corruption

Corruption has had a major effect on the country's economic, social, and environmental spheres. During the year under review, corruption charges were raised by the Zimbabwe Anti-Corruption Commission (ZACC) against current and former employees of the Board. TIMB fully cooperated with the requests made by ZACC as regards availing all the necessary documents and information as and when required. The accused persons are yet to stand trial given that investigations are still underway. The Board has a zero-corruption policy and has taken a firm and unwavering stance against it. The Board has introduced the Tip Off's Anonymous platform in partnership with Deloitte, which is designed to complement government efforts in identifying, investigating, and prosecuting corruption cases.

Gratitude

I wish to extend my gratitude to all our customers, suppliers, bankers, and the communities in which TIMB operates, for their continued support. And to our shareholders and other stakeholders, including regulatory authorities, for their assistance and immense contribution towards the successful 2022 tobacco selling season and financial period. I would like especially to thank the Ministry of Lands, Agriculture, Fisheries, Water, and Rural Development for their steadfast support.

I would like to express my appreciation to Board members for their diligence and support over the year without which it would have been difficult to achieve our goals. I salute management and staff for their dedication and commitment to TIMB even in difficult times. Lastly, I wish to extend my appreciation to merchants and growers for their continued support and trust throughout 2022.



**US\$650
million**

The gross value of tobacco sold stood at **US\$ 650 million** against US\$ 589 million in 2021.

US\$3.06

The seasonal average price per kilogram



Mr Patrick Devenish
Chairman

Chief Executive Officer's Report

Operational Performance. Auction Sales.

Three auction floors, Boka Tobacco Floors (BTF), Premier Tobacco Floors (PTF) and Tobacco Sales Floor (TSF) were licensed to operate auction sales. Thirty-four (34) "A" class buyers were licensed to buy tobacco on the auction floors after satisfying exchange control regulations.

A total of 12.6 million kilograms of FCV tobacco was sold through the three auction floors. Almost the same volumes of tobacco went through auction during the 2021/22 season and the previous season. The average price for this season was, however, 14.3% higher (US\$3.20) than that of the previous season (US\$2.80).

The highest price remained US\$4.99 per kilogram for both seasons. 71% of total auction sales went through TSF while BTF and PTF had a share of 6% and 22% respectively. The highest auction tobacco volumes were recorded in 2011 where 58 million kilograms went through auction. The bale rejection rate was lower than that of last season owing to improved grading and the favorable auction prices.

Contract Sales

Thirty-four merchants were licensed as tobacco contractors in 2022. Collectively they purchased a total of 200.1 million kilograms, which contributed 94% to the total national production. The 2021/22 season Contract average price was US\$3.05/kg compared to US\$2.79/kg in 2021. The highest price achieved at contract sales recorded was US\$6.80/kg compared to \$6.70/kg in previous season. Tobacco volumes that go through the contract floors have been generally increasing since the start of the contract system in 2004.

Grower Performance

135 645 tobacco growers registered for the 2021/22 season. 1% of the total registered growers registered for the first time whilst the rest were

renewals. In comparison, 155 097 registered in the 2020/21 season. Tobacco growers were mostly concentrated in Mashonaland Central and Mashonaland West provinces of which each had 35% of total registered growers. Communal and A1 growers constituted 89% of the total registered growers whilst the commercial growers constituted the remaining 11%.

Active growers who delivered tobacco at various selling points were 103 572 which represents 76% of the total registered growers. In the 2020/21 season, 120 467 out of 155 097 registered growers were active.

Direct and Indirect Economic Impact. Decentralised Selling Points.

In this reporting period, five selling points were licensed outside Harare to meet the objectives of devolution. A similar number of selling points were also registered in 2021. During the same period, thirty-four buying licenses were issued. Places outside Harare realized an increase in economic activities arising from the activities in and around the selling points. The table below illustrates the volumes of tobacco and value that was realized at these selling points. This decentralization programme has brought with it construction of warehouses, jobs, and general economic activities in the downstream business.

SELLING POINT	No. OF CONTRACTORS	MASS (KG)	VALUE (US\$)	AVE (US\$/KG)
HARARE	29	131,366,072	412,813,271	3.14
KAROI	15	25,391,639	70,951,462	2.79
MVURWI	12	18,877,418	56,381,914	2.99
MARONDERA	9	12,104,787	33,510,477	2.77
RUSAPE	6	9,938,044	28,930,712	2.91
BINDURA	3	2,451,890	7,445,595	3.04
GRAND TOTAL		200,129,850	610,033,432	3.05

Exports and Imports . Imports.

A total of 6.7 million kilograms were imported from thirteen countries compared to 7.9 million kilograms imported in 2021. The imported tobacco was used for blending with local stock for either cigarette manufacturing or processing and export. Imports from the Dominican Republic and Indonesia are mainly used for the manufacture of cigars. 96% of the imports was FCV tobacco and 4% was Burley and Dark fire.

Exports

Export earnings for 2022 totaled US\$990.5 million. This was a significant increase from US\$819.7 million recorded in 2021. The 2022 average export price for tobacco was US\$4.96/kg compared to US\$4.46/kg for 2021.

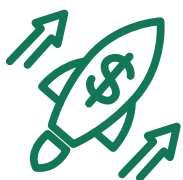
The Far East has been the topmost destination for Zimbabwean tobacco since 2012, absorbing a high of 52% of total exports in 2016 and 43% in 2022. China and Indonesia are the main markets for Zimbabwean tobacco in the Far East. The European Union and Africa are also significant destinations for Zimbabwean tobacco absorbing a combined 37% of total exports in 2022.

Financial Performance

The Board's inflation adjusted revenue grew by 11% from ZWL4.6 billion in 2021 to ZWL5.1 billion in 2022. Revenue growth was anchored by export fees which contributed 50% of the total revenue, as demand for

Table 1: A comparison of total registered growers between the 2021/22 and 2020/21 seasons

Province	2021/22	2020/21	% Change
Mash Central	47,470	54,141	-12
Mash West	47,226	54,093	-13
Manicaland	22,401	25,606	-13
Mash East	18,181	20,849	-13
Midlands	260	280	-7
Masvingo	103	126	-18
Matabeleland	4	2	1.00
Total	135,645	155,097	-13



**US\$990.5
million**

Export earnings for 2022 totaled
US\$990.5 million

US\$4.96/kg

The 2022 average export price for
tobacco was **US\$4.96/kg** compared
to **US\$4.46/kg** for 2021.



I would like to thank our valued tobacco growers, buyers
and contractors, our Board of Directors, our shareholders,
and all valued stakeholders for the continued support in our
drive for sustainable tobacco production in the year just
ended.



Mr Emmanuel Matsvaire

Chief Operating Officer (Acting Chief Executive Officer)



Zimbabwe Flue Cured Virginia tobacco remained firm. Operating expenses increased by 32% to ZWL6.1 billion in 2022 compared to prior year's ZWL4.6 billion, driven by a general increase in costs based on the devaluation of the local currency. Salaries and allowances made up 47% of total expenses in 2022 as compared to 45% of expenses in 2021, as salary levels were marginally increased from prior year. Operating profit improved by 360% from ZWL342 million in 2021 to ZWL1.6 billion in 2022. This was a combined effect of cost containment measures as well as several initiatives by the Board to plug revenue leakages.

Fair value adjustments on investment property increased from ZWL223 million in 2021 to ZWL311 million in 2022, because of a gain in valuation of the investment property portion of the TIMB Gleneagles building remains partially occupied.

Fair value loss on listed equities investments was ZWL189 million in 2022, as compared to ZWL339 million in 2022, due to a slowdown in the equities market performance in the second half of 2022. In historic cost terms, there was a gain of ZWL83 million in 2022 implying the loss in inflation adjusted terms was due to ZSE gains which were below inflation.

Inflation adjusted total comprehensive deficit for the year was ZWL769 million, an increase of 218% from prior year deficit of ZWL242 million. The 2022 deficit is mainly attributed to an increase in the loss from special projects by ZWL3.2 billion in 2022, emanating from the impact of high default rates on the Tobacco Inputs Credit Scheme (TICS) loan to

farmers which resulted in significant impairment losses being recognised during the year. In prior years, the Board was recognising only 30% of the impairment provision and the change in the assumption of 100% default risk in the current RBZ loan facility resulted in full recognition of the impairment losses on TICS debtors. TIMB also recognised prior year allowance for credit losses of ZWL324 million in the current year to take into account the change to 100% assumption of credit risk on TICS debt.

Meanwhile, total assets of the board increased by 55% in inflation adjusted terms, to close the year 2022 at ZWL7.6 billion. A revaluation of the land in Harare (Gleneagles) and Chinhoyi, and of the owner-occupied component of the Gleneagles building at the end of the year saw an increase in property of ZWL1, 6 billion to ZWL3.2 billion.

Sustainability

Operating in a sustainable manner is a strategic value proposition for TIMB. The Board recognises the increasing keen interest by various stakeholders in the environmental, social and governance (ESG) front. The business is guided by the Global Reporting Initiative (GRI) Standards in measuring and assessing its sustainability performance and impacts. Our priorities are premised on the United Nations Sustainable Development goals and during the year our focus was on good health & well-being. The Board is also committed to reducing its carbon footprint and source of power. A number of Corporate Social Responsibility activities were undertaken to fight against inequality in the communities. TIMB places employee happiness at the core of its strategy and is gender neutral in both promotions and remuneration packages.

Appreciation

On behalf of Management and Staff, I would like to thank our valued tobacco growers, buyers and contractors, our Board of Directors, our shareholders, and all valued stakeholders for the continued support in our drive for sustainable tobacco production in the year just ended.

Corporate Governance



Sound corporate governance is a crucial foundation, which is why TIMB stays focused on the company's founding values and standards. As a statutory and regulatory body, TIMB has maintained the standards of integrity, accountability, strong ethical values, stakeholder equity and professionalism that are fundamental to the Board's operations, as stipulated by applicable legislation and regulatory guidelines.

The Board oversees compliance with the highest standards of corporate governance, including accountability to key stakeholders and the creation and presentation of financial statements.

The Board strives to conform, in all material respects, to all laws and regulations governing its operations to enhance its governance effectiveness. The Board Committees were also reconstituted to ensure that they are aligned with industry needs. TIMB continues to review and realign its corporate governance practices to meet the requirements of the Tobacco Industry and Marketing Act [Chapter 18:20], the Public Entities Corporate Governance Act [Chapter 10:31], the Public Finance Management Act [Chapter 22:19], and regulatory directives issued by the Office of the President and Cabinet's Corporate Governance Unit.

In accordance with the Public Entities Corporate Governance Act [Chapter 10:31], all Board and senior management members are expected to notify the Board of any real or prospective conflicts of interest and to keep the Board informed of any developments. A Register of Directors' Interests is kept in which Board Members disclose any interests in subjects to be examined at any Board meeting. Board members are also obliged under the Public Entities Corporate Governance Act [Chapter 10:31] to report their assets on an annual basis.

The skills matrix, qualifications, competence, and gender balance of the Board are in accordance with the provisions of the Public Entities Corporate Governance Act [Chapter 10:31]. The Board continues to undertake development and training initiatives of Directors to equip them with the requisite skills to execute their mandate at the helm of the tobacco industry in Zimbabwe. The Directors are also appropriately educated and skilled to carry out their jobs. In addition to that, Board members participated in the following training programs:

- 1. Attending Board Meetings on Convene**
- 2. Corporate Directors Training**
- 3. Finance for Non-financial Directors**

The Public Entities Corporate Governance Act [Chapter 10:31] requires the Board to conduct a yearly assessment to evaluate its performance collectively and for individual members. This board was able to bring sanity to the Tobacco Industry by overseeing the drafting and subsequent promulgation of the Tobacco Industry and Marketing (Prohibition of Side Marketing) regulation, SI 77/2022. This piece of legislation has been instrumental in curbing malpractices such as side marketing and double dipping. The Board also facilitated the introduction of the Contractors Compliance Administration Framework to closely monitor contractors in their dealings with farmers and other stakeholders in the tobacco value chain to ensure equitable dealings. The Board is very approachable and recognizes the importance of good communication and engagement with stakeholders. This is done to keep stakeholders informed of significant problems related to the Board's goals. In response, the Board aligns itself with the interests of stakeholders, acknowledging that the business does not function in a vacuum, but rather as an important element of the society. In that regard, TIMB offers many channels for stakeholders to engage with its Board of Directors and senior management. These include the Annual General Meeting, press releases, quarterly Board meetings, regular meetings with the CEO, annual report, employee representative meetings and quarterly trading updates. In December 2022, a stakeholders workshop was organized at which key issues relating to the industry were communicated with an undertaking to address the raised concerns being made. Furthermore, our website offers a wealth of up-to-date operational and financial information that is easily

accessible to all stakeholders.

Board Remuneration

The remuneration of the Board is in terms of sections 12 and 14 of the Public Entities Corporate Governance Act [Chapter 10:31]. TIMB paid Board fees and retainers in line with the approved remuneration framework.

Ethical Standards for Board and Management

It is now agreed that one of our Board and Management's primary duties are to lead by observing ethical business standards. Conflicts of interest are not permitted; thus directors must structure their personal and commercial activities in such a way that they fulfill their fiduciary obligations. All directors and management must declare any interests that may be regarded incompatible with their duties and obligations. This is done at the start of every meeting, and any member having an interest is recused.

The Board of Directors oversees development of the overall strategy, major policies, and risk standards, among other things. It is also in charge of approving strategic and operational budgets, major acquisitions, and disposals, as well as interim and annual operating outcomes. The entire strategy, policy, and risk

management are monitored using key performance indicators and best practice standards. Executive management provides structured reports to the Board in order for the Board to monitor performance.

Board Charter

The scope of authority, responsibility, composition and functioning of the Board is contained in a formal Charter. The directors retain overall responsibility and accountability for:

- Ensuring the sustainability of the business;
- Approving strategic plans;
- Monitoring operational performance and management;
- Ensuring effective risk management and internal controls;
- Monitoring legislative, regulatory and governance compliance;
- Approval of significant accounting policies and annual financial statements;
- Selection, orientation and evaluation of directors;
- Ensuring appropriate remuneration policies and practices;
- Monitoring transformation and empowerment; and
- Promoting balanced and transparent reporting to shareholders

Board Composition

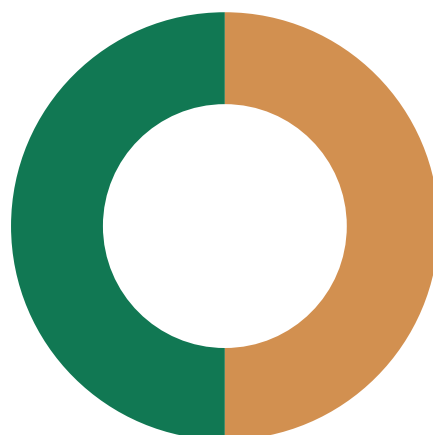
TIMB boasts of a Board of Directors that is gender balanced, with 50% females and 50% males. This is in line with section 17 of the Constitution of Zimbabwe and section 11(7) (a) of the Public Entities Corporate Governance Act, which requires the State and line Ministers respectively to ensure that as far as practicable, there are equal numbers of men

Board Composition

Name	Gender	Age	Appointed	Term	Expertise
Mr Patrick Devenish	M	65	2019	1	Strategy, Human Resources, Governance and Business Management
Mrs Nomusa Dube	F	58	2019	1	Financial Management and Treasury Management
Mrs Kundai Makuku	F	60	2019	1	Agriculturist
Mrs Marjorie Munyonga	F	46	2019	1	Public Relations and Corporate Communications
Mrs Memory Mashaya	F	56	2019	1	Crop Science Biometrics
Mr Robert Webb	M	78	2019	1	Farmer, Financial Management
Lt. Gen. Rtd. Dr. E. Rugeje	M	63	2019	1	Defence and Security, Strategic Planning and Management, Public Administration

The Board was reappointed in April 2023

Gender Balance



Women



Men

and women on the Board of every public entity for which he or she, is responsible. In line with this, the Board has made strides in cascading the same standard and bridging the gap between men and women at TIMB which has been historically male dominated.

TIMB has a diverse Board in terms of skill matrix, expertise, qualifications, gender, age distribution, race, regional representation in compliance with the provisions of the Public Entities Corporate Governance Act [Chapter 10:31].

The Board

This is the TIMB's principal decision-making body, determining the Board's strategic direction and ensuring that risk is appropriately managed. The Board is involved in the development of quantifiable goals to foster a healthy corporate culture that is linked with strategy and our strong commitment to our stakeholders. Furthermore, the Board is accountable for the organization's general governance, particularly for long-term growth and profitability through the implementation of agreed-upon financial objectives.

The Board comprises of seven independent non-executive members – Mr Patrick Devenish, Mrs Nomusa Dube, Mrs Marjorie Munyonga, Mrs Kundai Makuku, Mr Robert Webb, Mrs Memory Mashaya, Lt General (Rtd) Dr E.A. Rugeje.

Role of the Chairman

The Chairman has the highest influence and authority on the Board and leads the Board and senior management. The Chairman of the Board also serves as a liaison between TIMB and the Ministry of Lands, Agriculture, Fisheries, Water, and Rural Development, commonly known as the line minister, and other stakeholders.

The Chairman's function is distinct from that of the Chief Executive Officer, and there is a clear separation of duties, with the Chairman leading the Board and the Chief Executive Officer directing TIMB's day-to-day operations.

Functions of the Board Chairman

- Ensure that information in Board packs is couched in simple and understandable language.
- Ensure that the Board follows its mandate as outlined in its enabling law.
- Provide leadership to the Board without jeopardizing the Board's collective responsibilities or the individual tasks of its members.
- Create the Board's yearly work plan in collaboration with the CEO, based on agreed-upon objectives.
- Setting the agenda for Board meetings and ensuring that they are conducted professionally and in compliance with the Board charter.
- Preside over Board meetings and ensure that meeting time is spent productively.
- Promotes collegiality among Board members while allowing for frank debate and creative tension in Board sessions.
- Effectively manage Board member conflicts of interest in such a way that directors involved recuse themselves from participation in discussions in which they have a conflict of interest.
- Act as the link between the Board and the management and particularly between the Board and the CEO.
- Carry out friendly relations with Board members and management while at the same time maintaining an arm's length relationship with them.
- Ensure the complete, timely, relevant, accurate, honest and accessible information is in place before the Board.
- Monitor how members of the Board work together

and how individual directors perform and interact at meetings.

- Know the strengths and weaknesses of each Board member and take appropriate measures to address any weaknesses without losing sight of human frailties.
- Develop the skills and enhance the confidence of directors by encouraging them to speak and actively contribute at Board meetings.
- Ensure that Board members are made aware of their roles and responsibilities.
- Ensure that the Board and individual Board members have performance contracts in place and that the performance of the Board and individual Board members is reviewed annually.
- Uphold rigorous procedures in preparing for meetings by studying and discussing with the CEO the information packs distributed to participants and providing appropriate input.

After the Board Chairman there is a vice Chair, Mrs Nomusa Dube, whose expected characteristics are similar with those of the Board chairperson. The responsibilities of the vice Board Chairman are to assist the Board Chairman in carrying out his duties.

Disclosure and Transparency

TIMB adheres to key aspects of transparency and disclosure as part of its comprehensive corporate governance framework. Resolutions made by the Board for the period January to December 2022, were submitted to the Ministry of Lands, Agriculture, Water, Fisheries and Rural Development in line with the requirements of the Public Entities Corporate Governance Act [Chapter 10:31].

Functions of the Board Members

- Ensure that their role is guided by performance contract entered with the line minister.
- Take part in proceedings of the Board and its committees.
- Provide strategic guidance and direction of TIMB.
- Ensure that TIMB's strategy is in line with National Development Plans and that the strategy is reviewed from time to time.
- Participate in selection, recruitment and review performance of senior management.
- Monitor performance of TIMB.
- Oversee performance of management.
- Ensure good stewardship of TIMB's resources.
- Ensure TIMB's compliance with own establishing laws and other applicable legal instruments.
- Serve on Board committees as required by the Board.
- Evaluate performance of the Board as well as own performance.
- Ensure that TIMB acts as a responsible corporate citizen and provides efficient and affordable service delivery to the public.

Strategic Plan Process

The overall strategy for the TIMB is clearly focused in line with its vision "Towards sustainable tobacco production, enhanced marketing systems and improved livelihoods in Zimbabwe by 2025." Annual strategic plans are compiled at both operating unit and organisational level, with detailed plans for action and allocated responsibilities.

Board Committees

To guarantee the effective fulfilment of the Board's mandate, the Board created and delegated tasks and responsibilities to five (5) Committees. The Committees help the Board in focusing on certain aspects of the Directors' roles and responsibilities. The Board approves and reviews the Terms of Reference of each Committee as needed. All Committees are chaired by non-executive directors of the Board, with Executive Management attending meetings as needed. Committees meet quarterly, and special meetings are convened as needed.

The Board receives Committee minutes, and the Committee Chairpersons present the recommendations made by their respective Committees to the Board for approval. The Committees are as follows:

- i. Human Resources and Remuneration Committee;
- ii. Production and Marketing Committee;
- iii. Finance Committee,
- iv. Audit Committee and
- v. Risk Management Committee.

Each Committee is chaired by a Non-Executive Director. Membership to the Committees is based on experience, qualification, and expertise.

Board Committees

Committee	Appointed
Human Resources and Remuneration	1. Mr. Patrick Devenish (Chairman) 2. Lt Gen (Rtd) Dr Engelbert A. Rugeje 3. Mrs. Memory Mashaya 4. Mrs. Marjorie Munyonga
Finance	1. Mrs. Nomusa Dube (Chairperson) 2. Mr. Robert Webb
Production and Marketing	1. Mrs. Marjorie Munyonga (Chairperson) 2. Mr. Robert Webb 3. Lt Gen (Rtd) Dr Engelbert A. Rugeje 4. Mrs. Kundai Makuku
Audit	1. Mrs. Memory Mashaya (Chairperson) 2. Mrs. Kundai Makuku 3. A consultant is being engaged to be part of the Committee in order to constitute the committee
Risk	1. Mr. Patrick Devenish (Chairman) 2. Mrs. Nomusa Dube

Meeting Attendance

Director	Main Board	Special Board Meetings	Finance Committee	Production and Marketing Committee	Human Resources and Remuneration Committee	Risk Committee	Audit Committee (effective second quarter)
	4 meetings	2 meetings	8 meetings	4 meetings	4 meetings	3 meetings	4 meetings
Mr. Patrick Devenish	4	2	NM	NM	4	3	NM
Mrs. Nomusa Dube	2	2	8	NM	NM	2	2
Lt Gen (Rtd) Dr Engelbert Rugeje	4	2	NM	4	4	NM	NM
Mrs. Marjorie Munyonga	3	2	NM	4	4	NM	NM
Mr. Meanwell Gudu	ED	ED	ED	ED	ED	ED	ED
Mr. Robert Webb	3	1	8	4	NM	NM	1
Mrs. Memory Mashaya	4	2	NM	NM	3	NM	4
Mrs. Kundai Makuku	4	2	NM	4	NM	NM	4

In the second quarter of 2022, the Finance and Audit Committee was restructured to create three separate committees: an Audit Committee, a Finance Committee, and a Risk Committee.

Key

NM- Not a Member

ED- Executive Director

Annual General Meeting

An Annual General Meeting was successfully conducted during the year under review in line with the provisions of the Public Entities Corporate Governance Act [Chapter 10:31]. The meeting was well-attended by stakeholders and clients; including

the Ministry of Ministry of Lands, Agriculture, Water, Fisheries and Rural Development, Office of the President and Cabinet, Office of the Auditor General, the State Enterprises and Restructuring Agency, External Auditors and other regulatory bodies. During the Annual General Meeting, the 2021 Audited Financial Statements and Annual Report were adopted.

Sustainability Report



Climate Change Mitigation

Tobacco production significantly contributes to GDP and it is the major export product in the agricultural sector, however it has hugely contributed to deforestation, carbon emissions and contamination of the environment and water bodies. Research shows that tobacco curing is contributing to 16% deforestation annually. Acknowledging the negative impact tobacco production is having on the environment, TIMB embarked on tree planting initiative in partnership with Sustainable Afforestation Association (SAA) to establish fast growing tree species plantations whose eventual use will be for curing of tobacco, restoration of ecosystems as well as carbon sequestration. In this project TIMB provides funding while SAA provides technical support and farmers provide land and human capital needed to implement the project. The project targets to establish 150 ha of tree plantations annually in one of the four main tobacco growing regions, namely Manicaland and the 3 Mashonaland provinces. In the same vein, the Ministry of Lands Agriculture, Water Fisheries and Rural Development launched the Tobacco Value Chain Transformation Strategy. This paved way for the formation of the Sustainability Working Group. The working group is chaired by TIMB under the thematic pillar Intensification of Sustainable Tobacco Production and Productivity and Promotion of Alternative crops. All these efforts are aimed at increasing Zimbabwean tobacco output using minimum resources and in an environmentally friendly manner.

The Afforestation Sub-committee under the TVCTs sits every quarter to discuss ways of alleviating deforestation and how to access funds for afforestation programs.

TIMB's corporate social responsibility (CSR) is a voluntary commitment to uplifting the lives of both its internal and external stakeholders. True to the Board tagline "For Livelihoods. For Sustainability", we are responsible to the communities we operate in and to fulfil our responsibility, we stand guided by the Sustainable Development Goals (SDGs).

For years, children have been working in tobacco fields and this has affected their personal development. The Board is now on an accelerated drive to eliminate child labour through promotion of a holistic child who is educated. During the reporting year, this message was promoted through a donation of exercise books, netball and a soccer kits as well as balls for soccer, netball, handball and volleyball to St Augustine's Primary School in Hwedza. The message communicated was children belong in school not in the fields. Allow them to learn and engage in extracurricular activities so they develop to be healthy, learned and fully functional adults.

Similarly, TIMB seeks to promote physical wellness in communities, recognizing the physical, mental, and social benefits of exercising. In this regard, the Board bought a full sports kit for a young man, to support him as he played for the junior national soccer team in the Beitbridge youth games. In the same spirit, a couch set and a TV were also donated to Harare South Golf Club and 200 caps to the Zimbabwe Republic Police for their Commissioner of Police Sports Gala.

Corporate Social Responsibility





In furthering its Corporate Social Responsibility (CSR) drive, TIMB also donated 1000 sanitary pads to the JKM Foundation for distribution to several underprivileged girls living in rural Zimbabwe. The Board also sponsored prizes for the best tobacco production students and the runners-up at Blackforby Agricultural College, Kushinga Phikelela Agricultural College, Magamba Training Centre and Gwebi Agricultural College. The 2022 National Young Farmers Excellency Awards Tobacco & Chillies winner got prize money from TIMB.

In improving the lives of tobacco growers, a water pump was donated to the farmer with winning tobacco exhibits during the Magunje Agricultural Show. Magunje is a very productive tobacco producing region. Prizes are the Board's way of encouraging and motivating those around the winners to do better.

For the year 2023 going forward, TIMB is shifting the vision from corporate social responsibility as a duty to corporate social investment. In line with our new mandate, we will be investing in people and the priority investment sectors are child welfare, education, health and the environment.

Muhacha Project

TIMB has been actively involved in community upliftment for livelihoods and for sustainability in line with its thrust. Currently, TIMB is undertaking the centralized tobacco production facilities programme. This entails grouping small scale tobacco growers together in one area and upscaling their activities by giving them support throughout the tobacco production value chain in line with the aspirations of the Tobacco Value Chain Transformation Plan and National Development Strategy 1.

TIMB is implementing one such project at Muhacha Farm in Trelawney, Mashonaland West where a group of 30 A1 farmers have been grouped together into a formal structure called Stow-Muhacha Cooperative Limited. The farmers have been capacitated with irrigation equipment (centre pivots), mechanization, and curing facilities. In the 2022 cropping season,

they successfully established 40ha of tobacco and 10ha of maize. If this project is successful, TIMB intends to replicate this model in other provinces in the future.

Tobacco Industry Players Corporate Social Responsibility

Industry players are also driving various initiatives aimed at improving the livelihoods of tobacco farmers and their broader farming communities. The initiatives are aimed at achieving sustainability objectives including ensuring food and nutrition access for tobacco farmers, improving access to education for children working in the farms and and improving farm infrastructure and mechanisation among others. A few examples are given below:

Zimbabwe Leaf Tobacco (Pvt) Ltd

Zimbabwe Leaf Tobacco is a licensed tobacco buyer and contractor. Zimbabwe Leaf Tobacco is educating communities on the importance of planting and managing trees and distributing maize seed packs to its contract farmers. The company reports that after harvesting tobacco, contracted farmers are encouraged to plant other crops such as maize, beans, groundnuts, or any other crop in the same ridges used during the tobacco season. This new crop benefits from the residual fertilizers from the tobacco crop which remain in the soil. Therefore, yields will be much higher for tobacco farmers than other small-scale farmers, who also generally do not practice crop rotation and do not use fertilizers. This has greatly improved the livelihoods of farmers and the company rates their farmers as having higher standards of living than other average farmers.

Curverid Tobacco (Pvt) Ltd

Curverid Tobacco is a licensed tobacco buyer and contractor. Curverid Tobacco on the other hand has established a model farm in Ruzawi, Mashonaland East. The model farm gives an example of what an ideal farm environment should look like. The model hinges on food security and improved farmer livelihoods by aiming to develop best practices and innovative techniques in tobacco production to roll out with their contracted tobacco growers. Such initiatives also assist all other farmers in the community to appreciate how a farming enterprise can be run sustainably and profitably.

Some tobacco companies such as Tian Ze and Aqua Tobacco have also invested in the Zimbabwean education system. The companies have, through their CSR efforts, built classroom blocks, teachers' houses and supplies school uniforms.



Market Presence



Timb Offices

- Chinhoyi
- Bindura
- Mvurwi
- Karoi
- Marondera
- Mutare
- Rusape

Operational Districts

- | | | | |
|---------------|-------------|--------------|----------------|
| - Chimanimani | - Chivhu | - Bindura | - Chegutu |
| - Chipinge | - Goromonzi | - Guruve | - Hurungwe |
| - Gutu | - Hwedza | - Mazowe | - Karoi |
| - Makoni | - Marondera | - Muzarabani | - Makonde |
| - Masvingo | - Murewa | - Mt Darwin | - Zvimba North |
| - Mutare | - Mutoko | - Mvurwi | - Zvimba South |
| - Mutasa | - Seke | - Rushinga | |
| - Nyanga | | - Shamva | |
| - Zaka | | | |





Economic Impacts





ZWL503 million

Settlement of tax
obligations

TIMB Tax contribution to National Economy

The Board takes a responsible approach to the management of taxes. It works in a collaborative and proactive way with tax authorities, ensuring principles of transparency to deliver long term sustainable value. During the financial year ended 31 December 2022, TIMB paid **ZWL503 million** in settlement of its tax obligations compared to **ZWL242 million** paid in the previous year.

Sustainable Procurement:

As a public entity, we are governed by the Public Procurement and Disposal of Public Assets Act as read with the Regulations. Sustainable Procurement comes out as one of the Objectives of the Act in terms of Section 4.

Contracting Suppliers

TIMB remained a key player within the economy, spending considerable annual amounts in procuring locally available materials in implementing its budgeted activities. The company observes best practices, conducting a transparent procurement system as guided by the regulatory authority. The company prioritizes local procurement for most of the requirements to support local industry growth and downstream employment creation. Small and Medium Enterprises are among the biggest beneficiaries of our procurement execution. For the year 2022, local purchases amounted to ZWL534 million making up 100% of total procurement spent.

Risk Management

Sustainability Risk Overview

During 2022, TIMB prepared a Risk Management Framework to embed a systematic approach to management of Risk. The Framework is informed by ISO 31 000 (2018) Risk Management Guidelines of a Framework, Principles of Risk and the Risk Management Process. The Framework was considered by the Risk Management Committee, and adopted by the TIMB Board.

The TIMB risk management framework has the following

- Strategic
- Political
- Financial
- Operational
- Legal and Compliance
- Technological
- Reputational
- Social and Environmental

Corporate Risk Governance Model

The priority in 2022 was to introduce enterprise-wide risk management supported by the following lines of defence:

- **First line of Defence** consists of functions that own the processes and manage risk, which at TIMB consists of Departments. These are the teams responsible for carrying out various activities within TIMB and work with the second line in identifying, assessing, measuring and monitoring risks.
- **Second line of Defence** is the Management Committee – Risk Management (MCRM). The key role of the second line is to coordinate risk management activities within the TIMB and supervise the first line in relation to their compliance with the Risk Management Framework (RMF). Furthermore, the second line provides the framework for risk and control management, and provides a periodic update on the current level of risks and the actions being taken to mitigate the impact of risk to the Chief Executive Officer and Risk Management Committee of the Board.
- **Third Line of Defence** provides independent assurance on the effectiveness of governance, risk management, internal controls and the manner in which the First and Second Lines of Defence achieve risk management and control objectives. The Internal Auditors of TIMB, verify and validate the effectiveness of the organisation's RMF. MCRM co-ordinates the work with the Internal Audit for activities like scheduling of audit, maintenance of issue tracker and issue closure.

Human Capital Management

TIMB has a vibrant human capital development team which strives to provide strategic support and guidance to the employees, organization and other stakeholders.

Workforce Composition

The TIMB workforce includes both management and staff who fill the technical and administration roles. In this reporting period, the total staff complement as at 31 December 2022 was 165 employees including permanent staff, seasonal and students/ graduates on internship programs. (see below table illustrating the categories).

CONTRACT TYPE	MALE	FEMALE	TOTAL EMPLOYEES
Permanent	66	42	108
Seasonal and Field Officers	22	6	28
Graduate Trainees and Trainee Classifiers	5	9	14
Students	10	5	15
Total Number of Employees (31 Dec 2022)	103	62	165
Total Number of Employees (31 Dec 2021)	130	61	191

Recruitment & Internship Programs:

A total of 42 full time employees were engaged during the reporting period with 60% of the new engagements being seasonal administration staff. The employees come from a variety of backgrounds and represent the diversity of TIMB.

For the year 2022, TIMB had the pleasure of engaging 15 intern students and each intern was matched to a department within the TIMB in an area relevant to the student's area of study.

Safety & Health highlights:

The organization had safety and health measures that were in place for its employees and stakeholders. These include: timeously servicing of motor vehicles/ bikes and regulatory inspections by NSSA and fire brigade.

TIMB also continued to provide a 100% employer medical aid contribution to all its employees. In an effort to safeguard its employees from the Covid 19 pandemic, there were periodic Covid 19 counselling and testing sessions and the employees would be also provided with protective equipment like masks.

Staff Wellness:

For the year 2022, TIMB had a fitness team with a total number of 40 members including employees from all the TIMB regional offices.

Gender Equality:

TIMB is an equal opportunity employer and its recruitment and remuneration policies are very clear. Employees of different gender within the organization have equal rights, responsibilities, and opportunities

for growth. The organization is striving to ensure that gender ratio males to female reaches the 50:50 mark.

Employee Relations

The year 2022 witnessed a cordial working relationship between the TIMB Board and workers as there were no incidents of any industrial action. About two meetings were held between management representatives and the workers committee in order to mutually discuss employees' welfare issues.

Service Providers

Certain key services at TIMB were outsourced during the reporting period and these includes security services, cleaning, insurance and staff food/lunch provision services.

Staff Training

In an effort to keep the staff abreast with the latest developments, in the year 2022, the human resources department with the approval of the TIMB management provided a variety of training sessions aimed at building employee capacity to deliver service and meet the strategic needs and overall mission of the organization. Other in-house training included the tip-offs anonymous sensitization workshops which aimed at equipping employees on the proper professional reporting of all unethical and nefarious activities within the organization. A retirement counselling training session was also conducted targeting the long serving employees who are getting towards the retirement age so that they prepare their life after retirement from formal employment.



Financial Statements

31 December 2022

Country of Incorporation and Domicile

Zimbabwe

Nature of Business and Principal Activities

To promote the viable, sustainable growth and marketing of the tobacco and related products through regulation and coordination of tobacco value chains.

Directors

Mr. Patrick Devenish (Chairperson)
Mrs. Nomusa Dube
Mr. Robert Webb
Mrs. Kundai Makuku
Lt. Gen. (Rtd.) Dr. Engelbert A. Rugeje
Mrs. Marjorie. Munyonga
Mrs. Memory Mashaya

Management

Mr. Meanwell Gudu (Chief Executive Officer)
Mr. Emmanuel Matsvaire (Chief Operating Officer – effective 1 April 2022), (Acting Chief Executive Officer as at 31 December 2022)
Mr. Willard Zidyambanje (Chief Finance Officer- effective 01 August 2022)

Registered Office

P. O. Box 10214
Harare

Business Address

TIMB Complex
429 Gleneagles Road
Southerton Harare

Bankers

AFC Bank Limited
BancABC Limited
CABS Limited
CBZ Bank Limited
Ecobank Zimbabwe Limited
First Capital Bank Limited
Nedbank Zimbabwe Limited
Stanbic Bank Zimbabwe Limited
Standard Chartered Bank Zimbabwe Limited
ZB Bank Limited

External Auditor

AMG Global Chartered Accountants (Zimbabwe)
Registered Public Auditors
3 Elcombe Avenue
Belgravia
Harare

The Directors' Responsibility for the Financial Statements

The Board of Directors of the Tobacco Industry and Marketing Board ("TIMB"/"the Board") is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRSs) as set out in the statement of accounting policies and for such internal control as the Board determines is necessary to enable the preparation and presentation of the financial statements that are free from misstatement whether due to fraud and/or error.

The Board of Directors is also responsible for the systems of internal controls. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements and to safeguard verify and maintain accountability of assets and prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board of Directors to indicate that any material breakdown in the functioning of these controls procedures and systems has occurred during the year under review.

The financial statements comply with the basis of preparation applicable to the International Financial Reporting Standards.

The Company's independent external auditors, AMG Global Chartered Accountants (Zimbabwe) are responsible for reporting on the fair presentation of the financial statements and their report appears on pages 2 to 5.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board of Directors to indicate that the Board will not remain a going concern for the foreseeable future.

The financial statements set out on pages 6 to 36 were prepared under the supervision of Mr Willard Zidyambanje (PAAB number 0285), the Board's Chief Finance Officer and were approved by the Board of Directors on 24 July 2023 and were signed on their behalf by:



**Board
Chairman**



**Chief Executive
Officer**



**Chief Finance
Officer**



Mr Willard Zidyambanje
Chief Finance Officer

Report of the Independent Auditors to the members of Tobacco Industry And Marketing Board

Qualified opinion

We have audited the financial statements of Tobacco Industry and Marketing Board ("the Board"), set out on pages 6 to 36, and comprising the following:

- The statement of financial position as at 31 December 2022;
- The statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year ended 31 December 2022.
- A summary of the significant accounting policies applied by the Board during the year ended 31 December 2022; and
- Notes on the financial statements.

In our opinion, except for the effects of the matters described in the basis of qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Board as of 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of qualified opinion

Reliability of Zimbabwean dollar-based valuation of Land and Buildings and Investment Properties based on attributes of market participants as prescribed in IFRS 13 "Fair Value Measurements".

As set out in notes to the financial statements, the Board performed a revaluation of Land and Buildings as at 31 December 2022, including a fair valuation of Investment Property. The Board engaged professional valuers to determine fair values, which was done in USD and converted to ZWL as at 31 December 2022 at the ZWL/US\$ RBZ auction exchange rate. Furthermore, the same source for the exchange rate was used to convert the Board's USD transactions during the year.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. We were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/US\$ RBZ auction exchange rate in the determination of the final ZWL fair valuations presented. IFRS 13 requires:

- A fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- Fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of Right of use, Depreciation and Lease Liability</p> <p>Right of use and Lease Liability are significant balances on the Board's statement of financial position constituting. As of 31 December 2022, the carrying amount of Right of use was ZWL 4 164 098 862 (2021: ZWL25 745 239). And the lease liability was ZWL 38 637 907(2021: ZWL19 268 441).</p> <p>The determination of useful lives, depreciation expense and impairment losses are significant accounting estimates that are prone to misstatement and as such Right of use and Lease Liability was a key audit matter.</p> <p>Valuation, existence and completeness of Net Liability from Special Projects</p> <p>This liability is material to the Board's financial statements as it has a balance amounting to ZWL3 682 249 340 (2021: ZWL484 519 360).</p>	<p>Our audit approach was focused on verifying the existence and valuation of Right of use and Lease Liability through the following procedures, amongst others:</p> <ul style="list-style-type: none"> • We reviewed the opening balances of assets and verified whether they were accurately brought forward from prior year. • We vouched significant additions and modifications to supporting documents. • We reviewed and considered the appropriateness of valuation, depreciation rates and residual values. • We independently recalculated the depreciation charges during the year. • We also reviewed the legal ownership of Right of use and Lease Liability. <p>We were satisfied with the audit evidence derived from our audit procedures.</p> <p>Our audit approach was focused on verifying the existence and valuation and completeness financing obligations through the following procedures, amongst others:</p> <ul style="list-style-type: none"> • We reviewed the opening balances of liabilities and verified whether they were accurately brought forward from prior year. • We reviewed and recomputed on a test basis, the conversions of the various loan balances. • We verified the accuracy of the additional loans advanced during the period under review, including the authorisation thereof; • We verified the repayments made towards the facilities; • We confirmed the presentation and disclosure in these financial statements of the loan arrangements. • We were satisfied with the audit evidence derived from our audit procedures.

technique.

We were therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/US\$ RBZ auction exchange rate in determining the ZWL fair value of Land and Buildings, investment property and other USD based transactions without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing those assets. Such matters include, but are not limited to:

- The correlation of the responsiveness of ZWL valuations of Land and Buildings and Investment Properties to the auction RBZ exchange rate and related underlying US\$ values; and
- The extent to which supply and demand for the respective Land and Buildings and other USD transactions reflects the implications on market dynamics of the auction exchange rate.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that, in conducting the audit, we comply with ethical requirements. The standards also require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. We are independent of the Tobacco Industry and Marketing Board in terms of the Institute of Chartered Accountants of Zimbabwe ("ICAZ") Code of Professional Conduct, which is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. Key audit matters are selected from the matters communicated with the Board of Directors but are not intended to represent all matters that were discussed with them.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Going concern

The Board's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless the Board of Directors either intends to cease operations or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that the Board of Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The Board of Directors has not identified a material uncertainty that may cast significant doubt on the Board's ability to continue operating as a going concern, and accordingly none is disclosed in the financial statements.

Based on our audit of the financial statements, we

also have not identified such a material uncertainty. However, neither the Board of Directors nor the auditor can guarantee the Board's ability to continue operating as a going concern.

Board of Directors responsibility for the financial statements

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and the financial reporting requirements of the Tobacco Industry and Marketing Board Act (Chapter 18:20), as well as for such internal control the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Board's ability to continue operating as a going concern, disclosing as appropriate, matters related to going concern and using the going concern basis of accounting unless either the Board of Directors either intend to liquidate the Board or to cease the operations, or have no realistic alternative but to do so.

The financial statements were prepared under the supervision of Mr Willard Zidyambanje (PAAB number 0285), the Board's Chief Finance Officer.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Concludes on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's (or where relevant, the group's) ability to continue as a going concern. If the auditor concludes that the use of the going concern basis of accounting is appropriate and no material uncertainties have been identified, the auditor reports these conclusions in the auditor's report. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Where the auditor is required to report on consolidated financial

statements, obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We are required to communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly drawn up so as to comply, in all material respects, with the disclosure and presentation requirements of the Tobacco Industry Marketing Board Act (Chapter 18:20).

The Engagement Partner responsible for the audit resulting in this independent auditor's report is Tariro Mhuka, Registered Public Auditor, PAAB Practising Certificate number 0423.

AMG Global
Harare

07 July 2023



AUDIT • TAX • ADVISORY





TOBACCO INDUSTRY AND MARKETING BOARD
STATEMENT OF FINANCIAL POSITION
At 31 December 2022

		Inflation Adjusted		Historical	
		2022	2021	2022	2021
Note		ZWL	ZWL	ZWL	ZWL
Assets					
Non-Current Assets					
Property, plant and equipment	3	4 286 406 041	2 559 225 412	3 622 822 572	612 331 453
Investment property	4	613 084 946	302 530 856	613 084 946	88 006 492
Listed securities	5	286 524 848	225 592 398	286 524 848	65 625 027
Trade and other receivables	6	325 140 271	52 938 152	325 140 271	15 399 755
		<u>5 511 156 106</u>	<u>3 140 286 818</u>	<u>4 847 572 637</u>	<u>781 362 727</u>
Current Assets					
Fuel Stock		27 823 115	2 120 970	27 823 115	616 992
Trade and other receivables	6	298 949 712	421 563 071	298 949 712	122 633 068
Loans to special projects	7	57 941 245	45 046 867	57 941 245	13 104 173
Cash and cash equivalents	8	1 651 413 312	1 274 692 622	1 651 413 312	370 809 205
Investment in bonds	9	42 928 767	-	42 928 767	-
		<u>2 079 056 151</u>	<u>1 743 423 530</u>	<u>2 079 056 151</u>	<u>507 163 439</u>
Total Assets		<u>7 590 212 257</u>	<u>4 883 710 348</u>	<u>6 926 628 788</u>	<u>1 288 526 165</u>
Equity and Liabilities					
Equity					
Reserves		1 885 815 088	230 690 382	3 223 164 533	454 113 518
Retained income/ (loss)		<u>876 330 091</u>	<u>3 300 554 883</u>	<u>1 124 602 823</u>	<u>440 979 365</u>
		<u>2 762 145 179</u>	<u>3 531 245 265</u>	<u>2 098 561 710</u>	<u>895 092 883</u>
Current Liabilities					
Lease liability	10	38 637 907	19 284 961	38 637 907	5 610 012
Trade and other payables	11	923 995 549	604 637 894	923 995 549	175 889 695
Net Liability from special projects	12	3 682 249 340	484 519 360	3 682 249 340	140 947 108
Provisions	13	183 184 282	244 022 868	183 184 282	70 986 467
		<u>4 828 067 078</u>	<u>1 352 465 083</u>	<u>4 828 067 078</u>	<u>393 433 282</u>
Total Liabilities		<u>4 828 067 078</u>	<u>1 352 465 083</u>	<u>4 828 067 078</u>	<u>393 433 282</u>
Total Equity and Liabilities		<u>7 590 212 257</u>	<u>4 883 710 348</u>	<u>6 926 628 788</u>	<u>1 288 526 165</u>



Board Chairperson



Chief Executive Officer

**Statement of Profit or Loss and
Other Comprehensive Income**

		Inflation Adjusted		Historical	
		2022	2021	2022	2021
Note		ZWL	ZWL	ZWL	ZWL
Revenue	14	5 142 196 044	4 643 696 165	3 460 382 398	1 033 289 523
Other Operating Income	15	2 562 399 213	337 533 394	1 676 097 547	88 031 298
Operating Expenses	16	(6 131 132 257)	(4 639 083 254)	(3 862 863 435)	(1 051 261 795)
Operating Surplus		<u>1 573 463 000</u>	<u>342 146 305</u>	<u>1 273 616 510</u>	<u>70 059 026</u>
Net Financing income	17	7 281 977	14 987 538	3 117 469	3 312 625
Investment Income	18	102 657 710	77 778 445	90 504 286	17 395 522
Loss/profit from special projects	12	(3 197 729 981)	845 508	(3 541 302 233)	(53 249 551)
Fair value adjustments on investment property	4	310 554 090	(222 568 482)	525 078 454	(6 870 439)
Fair value adjustments on listed securities	5	(189 311 172)	338 269 950	83 403 325	94 901 018
(Deficit)/Surplus for the year		<u>(1 393 084 376)</u>	<u>551 459 265</u>	<u>(1 565 582 189)</u>	<u>125 548 200</u>
Net Monetary Loss		(1 031 140 417)	(718 553 111)	-	-
(Loss)/profit for the year		<u>(2 424 224 793)</u>	<u>(167 093 847)</u>	<u>(1 565 582 189)</u>	<u>125 548 200</u>
Other Comprehensive Income	19	1 655 124 707	(75 516 956)	2 769 051 016	164 551 174
Total Comprehensive(Loss)/Income for the year		<u>(769 100 086)</u>	<u>(242 610 803)</u>	<u>1 203 468 827</u>	<u>290 099 374</u>

TOBACCO INDUSTRY AND MARKETING BOARD
STATEMENT OF FINANCIAL POSITION
At 31 December 2022

Statement of Changes in Equity
year ended 31 December 2022

Inflation Adjusted	Revaluation reserve	Other premium	Total reserves	Retained income	Total equity
	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 January 2021	306 207 337	-	306 207 337	3 467 648 727	3 773 856 064
Profit for the year	-	-	-	(167 093 843)	(167 093 843)
Other comprehensive income/(loss)	(75 516 956)	-	(75 516 956)	-	(75 516 956)
Balance at 31 December 2021	230 690 381	-	230 690 381	3 300 554 883	3 531 245 264
Profit/(Loss) for the year	-	-	-	(2 424 224 793)	(2 424 224 793)
Other comprehensive income	1 655 124 707	-	1 655 124 707	-	1 655 124 707
Balance at 31 December 2022	1 885 815 088	-	1 885 815 088	876 330 091	2 762 145 179
HISTORICAL					
Balance at 1 January 2021	289 555 054	7 290	289 562 343	315 431 166	604 993 509
Profit for the year	-	-	-	125 548 199	125 548 199
Other comprehensive income/(loss)	164 551 174	-	164 551 174	-	164 551 174
Balance at 31 December 2021	454 106 228	7 290	454 113 517	440 979 365	895 092 883
Profit/(Loss) for the year	-	-	-	(1 565 582 189)	(1 565 582 189)
Other comprehensive income	2 769 051 016	-	2 769 051 016	-	2 769 051 016
Balance at 31 December 2022	3 223 157 244	7 290	3 223 164 533	(1 124 602 823)	2 098 561 710

TOBACCO INDUSTRY AND MARKETING BOARD
STATEMENT OF FINANCIAL POSITION

At 31 December 2022

Statement of Cash Flows
year ended 31 December 2022

		Inflation Adjusted		Historical	
	Note	2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
Cash flows from operating activities					
Surplus / (deficit) for the year		(1 393 084 376)	551 459 265	(1 565 582 189)	125 548 199
Adjustments for:					
Depreciation and amortisation	3	401 550 237	276 371 502	72 472 721	30 591 988
Lease Modification		(127 522 724)	-	(40 859 762)	-
Gains on Disposals		(10 638 564)	-	(7 399 847)	(1 546 962)
Net financing income	17	(7 281 977)	-	(3 117 469)	(3 312 625)
Fair Value gain-Investment Property	4,1	(310 554 090)	222 568 482	(525 078 454)	6 870 439
Fair value gains		189 311 172	-	(83 403 325)	(94 901 017)
Interest income - bond and money market		(12 928 767)	-	(12 928 767)	-
Movement in provisions		(60 838 586)	-	112 197 815	21 019 815
Net movement in net liability of special projects		3 197 729 980	-	3 541 302 232	53 249 551
Impairment losses	16,3	3 127 637	-	213 640	-
Net Monetary Loss		(1 031 140 417)	-	-	-
Changes in working capital					
Inventories		(25 702 145)	-	(27 206 123)	(616 992)
Trade and other receivables		(149 588 760)	298 985 263	(486 057 160)	1 723 635
Trade and other payables		319 357 655	-	748 105 854	25 714 542
Cash generated from operations		981 796 275	9 003 227	1 722 659 166	164 340 574
Interest income		7 281 977	14 987 538	3 117 469	3 312 625
Net cash from operating activities					
		989 078 252	23 990 765	1 725 776 635	167 653 199
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(349 711 731)	-	(273 541 790)	(104 431 111)
Purchase of Investment Property		-	-	-	-
Proceeds from disposal of property, plant and equipment		11 139 223	14 881 815	7 674 935	2 295 902
Decrease/(Increase) in Loans advanced to special projects		(12 894 378)	159 275 555	(44 837 072)	23 813 574
Purchase of Financial Assets	5	(387 471 622)	-	(212 896 496)	(47 099 037)
Purchase of Bonds	9	(30 000 000)	-	(30 000 000)	(18 255 928)
Sale of investments at fair value	5	137 228 000	407 808 265	75 400 000	91 962 622
Sale of financial assets - Bonds			307 765 529	-	59 236 745
Net cash from investing activities					
		(631 710 508)	179 727 408	(478 200 423)	7 522 766
Cash flow from financing activities					
Increase in lease liability		19 352 946	9 664 921	33 027 895	3 871 827
Net cash from financing activities					
		(612 357 563)	189 392 329	(445 172 528)	11 394 594
Total cash movement for the year					
		376 720 690	213 383 094	1 280 604 107	179 047 793
Cash at beginning of the year		1 274 692 622	1 061 309 528	370 809 205	191 761 412
Total cash at end of the year					
	8	1 651 413 312	1 274 692 622	1 651 413 312	370 809 205

Corporate information

Tobacco Industry and Marketing Board is a parastatal incorporated and domiciled in Zimbabwe.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1. Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements as well as the Tobacco Industry and Marketing Act (Chapter 18:20).

The financial statements have been prepared on the historic cost convention basis, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in ZWL Dollars which is the company's functional currency. These accounting policies are consistent with the previous period.

Accordingly, the financial statements have been restated to take account of the changes in general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at 31 December 2022.

The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Central Statistical Office of Zimbabwe, shown in a table below. Amounts shown under the heading "Historical Cost" in the financial statements are provided for supplementary purposes.

Month	Index	Conversion Factor
December 2021	3 977	3.44
January 2022	4 189	3.26
February 2022	4 483	3.05
March 2022	4 766	2.87
April 2022	5 507	2.48
May 2022	6 662	2.05
June 2022	8 707	1.57
July 2022	10 932	1.25
August 2022	12 286	1.11
September 2022	12 713	1.08
October 2022	13 113	1.04
November 2022	13 349	1.02
December 2022	13 672	1.00

1.2. Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time to make judgements estimates and assumptions that affect the application of policies and reported amounts of assets liabilities income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3. Investment property

Investment property is recognised as an asset when, and only when it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost including directly attributable expenditure and transaction cost. Subsequently the fair value model is used, whereby, any change in fair value is reported in profit or loss.

1.4. Property, plant and equipment

Property, plant and equipment are tangible assets which the Tobacco Industry and Marketing Board hold for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with, the item, will, flow to the Tobacco Industry and Marketing Board and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure, incurred subsequently for, major services additions to or, replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Tobacco Industry and Marketing Board and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the

asset's carrying amount over its estimated useful life to its estimated residual value using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Tobacco Industry and Marketing Board. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to, its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful life
Buildings	Straight line	50 Years
Computer equipment and software	Straight line	3 Years
Furniture and Fixtures	Straight line	5 Years
Motor Vehicles	Straight line	5 Years
Office Equipment	Straight line	5 Years
Other Fixed Assets	Straight line	5 Years

Land is not depreciated

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment determined as the difference between the net disposal proceeds if any and the carrying amount of the item is included in profit or loss when the item is derecognised.

1.5. Financial instruments

Financial instruments held by the Tobacco Industry and Marketing Board are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly the classification possibilities which are adopted by the Tobacco Industry and Marketing Board as applicable are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination)."

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on principal and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on principal and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch)."

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
 - Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
 - Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss)
- 19 Financial instruments and risk management presents the financial instruments held by the Tobacco Industry and Marketing Board based on their specific classifications.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification recognition and measurement of each type of financial instrument held by the Tobacco Industry and Marketing Board are presented below:

Trade and other receivables

Classification

Trade and other receivables excluding when applicable VAT and prepayments are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and the Company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured at initial recognition at fair value plus transaction costs if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially minus principal repayments plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL) which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Trade and other payables

Classification

Trade and other payables (note 12) excluding VAT and amounts received in advance are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions and are measured at initial recognition at fair value plus transaction costs if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component and the effective interest method results in the recognition of interest expense then it is included in profit or loss in finance costs (note 16).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 19 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

1.6. Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The standard supersedes IAS 17 and is effective for annual periods that begins on or after 1 January 2019.

Lessor Accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initially direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in profit or loss.

Finance leases – Lessor

Initially a lessor shall recognise the net investment in the lease the lessor shall use the interest rate implicit in the lease including initial direct cost to measure the net investment in the lease.

Subsequently a lessor shall recognise finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Lessee Accounting

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting and is replaced by a model where right of use asset and a corresponding liability have to be recognised for all leases by lessees except for short term leases and leases of low value assets.

The right of use asset is initially measured at cost (subject to certain exceptions) and subsequently measured at cost less accumulated depreciation impairment losses and adjusted for any measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently the lease liability is adjusted for interest and lease payments impacts of lease modifications amongst others. Furthermore the classification of cash flows will also be affected as under IFRS 16 model the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

1.7. Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The organisation's inventories comprise of stationery and fuel coupons.

1.8. Impairment of assets

The Tobacco Industry and Marketing Board assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists the Tobacco Industry and Marketing Board estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment the Tobacco Industry and Marketing Board also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- Tests goodwill acquired in a business combination for impairment annually."
- If there is any indication that an asset may be impaired the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Employee benefits

Short term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and sick leave bonuses and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or in the case of non-accumulating absences when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Tobacco Industry and Marketing Board's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10. Provisions and contingencies

Provisions are recognised when:

- The Tobacco Industry and Marketing Board has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party the reimbursement shall be recognised when and only when it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- Has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and when the plan will be implemented; and
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.10 Provisions and contingencies

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note

1.11. Revenue

Revenue comprise the fair value of consideration received or receivable for services rendered in the ordinary course of the Tobacco Industry and Marketing Board activities. Revenue is recognised as follows:

Licensing income

Licensing income for registration of tobacco auction floors is charged at a ZWL equivalent of US\$10 000 per floor and is recognised on accrual basis.

Contractors' licenses are charged at a ZWL equivalent of US\$5 000 per contract and the license is recognised on receipt basis.

Buyers' license is charged at a ZWL equivalent of US\$2 000 per buyer licensed by the board.

Graders license is charged at a ZWL equivalent of US \$ 1 250 per grader licensed by the board.

Registration fees

Every tobacco grower is required by the Tobacco Industry and Marketing Act (Chapter 18:20) to register with the board. A fee is charged at a ZWL equivalent of US \$10 per grower.

All transporters registered with the Board are charged a registration fee of a ZWL equivalent of US\$100 for existing transporters and at a ZWL equivalent of US\$150 for all new transporters. 'Receipts from transporters' is recognised as revenue on receipt of cash.

Penalties

The Tobacco Industry and Marketing Act gives the Board the right to charge penalty fees on late registration. For any registration done between November and December the fee is at a ZWL equivalent of US\$10 whilst any registration done between January and the day of the auction floors are opened a fee of a ZWL equivalent of US\$40 is charged and where registration is done on selling tobacco a farmer is charged a penalty of a ZWL equivalent of US \$90.

Interest income

Interest income is recognised on a time proportion basis considering the principal outstanding and effective rate over the period.

Other income

Other income is recognised on accrual basis.

Exports fees

Exports permit fees are charged at US 2 cents per kg of tobacco exported and the fees are recognized on accrual basis. Under IFRS 15 an entity recognises revenue when a performance obligation is satisfied that is when control of the services is transferred to the customer.

Therefore Export permit fees are recognised as revenue at a point in time that is upon issuance of the export permit to the merchant.

1.12 Translation of foreign currencies**Foreign currency transactions**

A foreign currency transaction is recorded on initial recognition in US Dollars by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.

1.13 ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities in the financial statements.

The estimates, including those related to provision for doubtful debts, inventory obsolescence, investments, equipment and contingent liabilities, are reviewed on an on-going basis, and are based on the Board of Directors' best knowledge of current events and actions of the Company, as well as on historical experience and other factors that are considered to be relevant. Actual results may ultimately differ from those estimates and assumptions.

Equipment

Estimates and assumptions made to determine equipment carrying amounts and related depreciation expense are made to the Company's financial position and performance.

Residual values of PPE

Residual values are reassessed each year, and adjustments are made where appropriate. The valuation methods adopted in this process involve significant judgement and estimation.

Useful lives of PPE

The determination of the remaining estimated useful lives of Equipment is deemed to be a significant area of judgement.

Allowance for credit losses

The Company considers changes in the credit quality of the respective accounts receivables from the date on which credit was granted up to the end of the reporting period before determining whether to provide for a debtor as doubtful.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year the Board has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/interpretation	Effective date	Executive summary
Reference to the Conceptual Framework – Amendments to IFRS 3 In May 2020	01 January 2022	The IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements issued in 1989 with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential „day 2„ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies if incurred separately. At the same time the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

2.2 Standards issued but not yet effective as at the reporting date

The standards listed below were issued but not yet effective as at the date of issuance of the Fund's financial statements. The Fund reasonably expects the said standards to be applicable at a future date and as such intends to adopt them when they become effective.

The impact of these standards on the Fund's financial statements on adoption in future is not known and cannot be reasonably estimated as of now. The said standards are:

Standard/Interpretation	Effective date	Executive summary
Amendments to IAS 1: Classification of Liabilities as Current or Non-current In January 2020	01 January 2023	<p>The IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none">• What is meant by a right to defer settlement• That a right to defer must exist at the end of the reporting period• That classification is unaffected by the likelihood that an entity will exercise its deferral right• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Fund is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.</p>
Amendments to IAS 1 regarding the Disclosure of Accounting Estimates	01 January 2023	<p>The IASB issued 'Disclosure of Accounting Policies' (Amendments to IAS 1 and IFRS Practice Statement 2) on 12 February 2021 to assist preparers of financial statements in deciding which accounting policies to disclose in the financial statements.</p>
Amendments to IAS 8 regarding Accounting Estimates	1 January 2023	<p>The IASB issued 'Definition of Accounting Estimates' (Amendment to IAS 8) on 12 February 2021 to help entities to distinguish between accounting policies and accounting estimates.</p>

3.1 Inflation adjusted

3.1.3 Net Book Value

3.20 Historical		Land	Buildings Furniture and fixtures			Motor Vehicles		Office Equipment		IT Equipment		Intangible Assets		Other Property		Capital Work in Progress		Right of use asset		Total
		ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
3.2.1 Cost																				
1 January 2021		10 505 636	299 184 300																	383 992 484
Additions		-	-																	104 431 111
Disposal		-	-																	(1 946 476)
Revaluation		52 470 567	112 080 607																	164 551 174
31 December 2021		62 976 203	411 264 907																	651 028 293
Additions		-	-																	273 541 790
Disposal		-	-																	(791 290)
Revaluation		354 467 476	2 414 583 540																	2 769 051 016
Lease Modification		-	-																	38 081 127
Impairment Loss		-	-																	(213 640)
31 December 2022		417 443 679	2 825 848 447																	3 730 697 296
3.2.2 Accumulated depreciation																				
1 January 2021		-																		
Accumulated depreciation on disposal		-																		9 428 469
Charge for the year		-																		(1 197 535)
31 December 2021		-																		30 591 988
Accumulated depreciation on disposal		-																		38 822 922
Lease Modification		-																		(516 203)
Charge for the year		-																		(2 778 635)
31 December 2022		-																		72 472 721
		-																		107 874 724
3.2.3 Net Book Amount																				
31 December 2022		417 443 679	2 808 584 553																	3 622 822 572
31 December 2021		62 976 203	403 163 827																	612 331 453
31 December 2020		10 505 636	297 698 748																	374 690 095

3.3 The fair value of the land and building at 429 Glen Eagles Road was determined to be the ZWL equivalent of US\$4 604 114 by Rueson Investment (Private) Limited t/a Rueson Auctions as at 31 December 2022.

3.4. Capital work in progress consists of land purchase costs for regional offices done in 2011 and 2013 and consultancy costs for the design of the stands done in 2014. The stands were purchased with the intention of future construction of regional offices. A fence that was erected on the TIMB Mvurwi stand in 2022 also forms part of the work in progress.

4. Investment Property

4.1 Reconciliation

4	Investment Property	Inflation Adjusted		Historical	
4,1	Reconciliation	2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
	Opening balance	30 530 856	525 099 337	88 006 492	94 876 931
	Fair value adjustment	310 554 090	(222 568 482)	525 078 454	(6 870 439)
	Closing Balance	<u>341 084 946</u>	<u>302 530 855</u>	<u>613 084 946</u>	<u>88 006 492</u>

4.2 The investment property consists of 50% of the 2nd floor and the entire 3rd floor of the Board's building at 429 Gleneagles Road Sotherton Harare. As at 31 December 2022 the investment property was valued by Rueson Investment (Private) Limited t/a Rueson Auctions at the ZWL equivalent of US\$895 886.

The Directors believe that this valuation approximates fair value of the property as at 31 December 2022. However, the property remained partially occupied as at 31 December 2022.

5	Listed Securities	Inflation Adjusted		Historical	
		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
	Opening balance	225 592 398	86 270 024	65 625 027	15587594
	Purchase of shares at cost	387 471 622	208 860 689	212 896 496	47099037
	Disposals	(137 228 000)	(407 808 265)	(75 400 000)	(91 962 622)
	Fair value movement	(189 311 172)	338 269 950	83 403 325	94 901 018
	Closing balance	<u>286 524 848</u>	<u>225 592 398</u>	<u>286 524 848</u>	<u>65 625 027</u>

6	Trade And Other Receivables	Inflation Adjusted		Historical	
		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
6.1 Analysis					
Financial Instrument					
Trade receivables	251 033 512	133 657 379	251 033 512	38 881 049	
Loss allowance	(23 461 888)	(5 796 139)	(23 461 888)	(1 686 102)	
Trade receivables at amortised cost	227 571 624	127 861 240	227 571 624	37 194 947	
Drip irrigation and rocket barns loans	314 718 214	164 050 511	314 718 214	47 722 438	
Loss allowance	(63 699 958)	(1 021 296)	(63 699 958)	(297 096)	
Amortised cost	251 018 255	163 029 215	251 018 255	47 425 342	
Business Development receivables	81 623 427	-	81 623 427	-	
Loss allowance	(5 096 750)	-	(5 096 750)	-	
Amortised cost	76 526 677	-	76 526 677	-	
Staff loans - non current	21 902 517	86 919 703	21 902 517	25 285 018	
Salary advances	19	392 233	19	114 101	
Other receivables	8 238 390	-	8 238 390	-	
Loss Allowance	(562 694)	-	(562 694)	-	
		-	-	-	
Total Trade and other receivables	29 578 233	87 311 936	29 578 233	25 399 119	
Non-financial instruments:					
Prepayments	39 395 193	93 309 680	39 395 193	27 143 868	
Accrued Interest		2 989 832	-	869 547	
Amortised Cost	39 395 193	96 298 832	39 395 193	28 013 415	
		-	-	-	
Total Trade and other receivables	624 089 983	474 501 223	624 089 983	138 032 822	
6.2 Split between non-current and current portions					
Non-current assets	325 140 271	52 938 152	325 140 271	15 399 755	
Current assets	298 949 712	421 563 081	298 949 712	122 633 068	
	624 089 983	474 501 233	624 089 983	138 032 823	

6.3 Ageing						
Receivables	1 - 30 Over	31 - 60 Over	61 - 90 Over	91+ Over	120+	Total
Farmers (Drip and Rocket)	-	-	-	-	314 718 214	314 718 214
Tenant	801 185	707 823	617 732	617 732	2 351 079	5 095 550
Merchant	200 516 321	13 382 887	17 967 852	147 319	13 923 583	245 937 962
Projects (Business Development)	81 623 427	-	-	-	-	81 623 427
Staff Loans	-	3 338 638	121 310	4 152 661	14 289 908	21 902 517
	282 940 933	17 429 349	18 706 894	4 917 711	345 282 784	669 277 670

6.4 Categorisation of trade and other receivables

Trade and other receivables are made up of balances due from merchants and farmers. The amounts from farmers will be recovered from the farmer proceeds from their 2023 tobacco sales through an automated stop order system and the amounts from merchants are recovered through the payment of export permit fees plus stop order commission. The expected lifetime credit losses recovery basis for farmers has been used to determine allowance for credit losses.

6.5 Staff Loans

The balance represents short term and long-term loans that were given to employees. Interest on the loans is charged at 16% per annum for short term loans and 35% per annum for long term loans from the date of receipt and is calculated on a month-on-month basis. The loans are repayable over 4 months for short-term and 5 years for long term. Credit mitigation was employed by the Board through taking collateral in the form of title deeds and mortgage bonds over residential property for long term loans.

7 Special Projects Loan

These are funds which were advanced to Special Projects from the Tobacco Industry and Marketing Board budget. The funds will be recovered during the 2023 tobacco selling season.

		Inflation Adjusted		Historical	
7	Special Projects	2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
	Special projects loan	57 941 245	45 046 867	57 941 245	13 104 173
8	Cash And Cash Equivalents				
8.1	Analysis				
	Cash on hand	4 785 632	957 049	4 785 632	278 212
	Bank balances	408 005 129	1 121 949 715	408 005 129	326 148 173
	Short term deposits	1 238 622 551	151 785 857	1 238 622 551	44 382 820
		<u>1 651 413 312</u>	<u>1 274 692 622</u>	<u>1 651 413 312</u>	<u>370 809 205</u>

8.2 The short-term deposits represent fixed term instruments held through Imara Asset Managers, Old Mutual Investment Group and First Mutual Wealth investment managers. The deposits tenure ranges from 60days to 120days at a maximum interest of 120% per annum. Included in short term deposits is the ZWL equivalent of USD300 000 on a 60 days renewable fixed deposit investment. It is held with AFC as security for a loan obtained by Stow Muhacha Cooperative for the purchase of centre pivot and rehabilitation of centralised tobacco curing facilities.

		Inflation Adjusted		Historical	
9	Investment in bonds	2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
	Analysis				
	Opening Bond Value	-	21 982 554	-	40 980 817
	Bonds Purchased	30 000 000	58 973 365	30 000 000	63 255 928
	Accrued Interest on bond	12 928 767		12 928 767	
	Bonds Sold/Redeemed	-	80 955 919	-	(104 236 745,00)
	Closing Bond Value	<u>42 928 767</u>	<u>-</u>	<u>42 928 767</u>	<u>-</u>

Bonds investments consist of the AFC bond of \$30 000 000 which had a base coupon interest of 110% pa maturing on 31 May 2023.

10 Lease Liability

Analysis				
Current	<u>38 637 907</u>	<u>19 298 442</u>	<u>38 637 907</u>	<u>5 610 012</u>

The lease liability represents the present value of the remaining lease payments of the operating lease. The Board is leasing office buildings.

11. Trade and other Payables

11 Financial Instruments:	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Trade payables	73 709 195	210 198 266	73 709 195	61 104 147
Loan refunds and repayments	29 602	3 313 865	29 602	963 333
Non-financial instruments:				
Amounts received in advance	850 256 753	391 548 420	850 256 753	113 822 215
	923 995 549	605 060 551	923 995 549	175 889 695

Amounts received in advance consist mainly of registration fees for farmers received for the 2023 tobacco selling season.

11.1 Ageing						
	1 - 30 Over	31 - 60 Over	61 - 90 Over	91+ Over	120+	Total
Trade Payables	37 149 129	4 852 227	7 210 433	7 240 784	17 256 621	73 709 194

12. Net Liability from Special Projects

12.1. Tobacco Inputs Credit Scheme

The Tobacco Industry and Marketing Board received funds from the Reserve Bank for the purpose of procurement of inputs to be distributed to small scale tobacco farmers. A memorandum of agreement was signed between Tobacco Industry Marketing Board AFC and the Reserve Bank of Zimbabwe for the purpose of Tobacco Funding Facility for supporting the financing of small-scale farmers. The total facility was the ZWL equivalent of USD9 508 728 being a rollover on 30 September 2021.

12,1 Tobacco Inputs Credit Scheme	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Afforestation Levy				
CBZ Call account	86 520	236 008	86 520	68 607
CBZ bank balance	440 101	1 647 763	440 101	479 001
Afforestation levy fund	(476 874)	(1 584 715)	(476 874)	(460 673)
Afforestation levy net current assets	49 747	299 056	49 747	86 935
Finance scheme stocks	17 707 071	22 500 163	17 707 071	6 540 745
Accounts receivable-contractors	1 797 275 638	861 975 840	1 797 275 638	250 574 372
Account receivable-farmers	4 086 008 737	2 546 041 369	4 086 008 737	740 128 305
Prepayments	747 874 275	866 157 239	747 874 275	251 789 894
AFC ZWL bank balance	10 367	585 330	10 367	170 154
AFC US\$ bank balance	3 604 311	1 455 295	3 604 311	423 051
CBZ US\$ bank balance	13 367 416	6 003 736	13 367 416	1 745 272
Ecocash Bulkpayer	704 003	2 421 770	704 003	704 003
Sundry suppliers	(2 524 500)	(41 650 589)	(2 524 500)	(12 107 729)
RBZ US\$ Facility(12.1.1)	(6 333 730 924)	(3 435 557 316)	(6 333 730 924)	(998 708 522)
Merchants Nostro facility(12.1.2)	(76 959 401)	(39 775 581)	(76 959 401)	(11 562 669)
AFC Working Capital facility(12.1.3)	(22 768 050)	(458 554 067)	(22 768 050)	(133 300 601)
Allowance for credit losses	(3 854 926 786)	(771 681 939)	(3 854 926 786)	(224 326 144)
Intercompany loan	(57 941 245)	(45 078 357)	(57 941 245)	(13 104 173)
Special projectsv current year net liability	(3 682 249 340)	(484 858 051)	(3 682 249 340)	(140 947 108)
Opening Net Liability from special projects	(484 858 051)	(485 844 466)	(140 947 108)	(87 697 557)
Loss from special projects	(3 197 391 289)	986 414	(3 541 302 233)	(53 249 551)
Reconciliation				
Opening Balance	(484 858 051)	(485 364 868)	140 947 108	87 697 557
Changes for the year	(3 197 391 289)	986 414	3 541 302 233	53 249 551
	-	-	-	-
Closing balance	(3 682 249 340)	(484 519 539)	3 682 249 340	140 947 108

	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
13 Provisions				
Bonus	-	134 453 861	-	39 085 425
Leave Pay	155 032 865	101 359 137	155 032 865	29 514 451
Pay as you earn	5 337 026	5 349	5 337 026	1 555
Audit fees	22 814 392	8 204 520	22 814 392	2 385 035
	<u>183 184 282</u>	<u>244 022 868</u>	<u>183 184 282</u>	<u>70 986 466</u>
	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
14 Revenue				
Export Fees	2 536 664 689	2 193 435 013	1 911 668 565	517 749 869
Levy Contributions	825 366 440	637 294 400	533 009 250	141 250 000
Penalties	173 762 214	84 877 470	126 811 610	19 111 272
Inspection & Training Fees	10 605 809	5 223 138	10 124 432	1 266 917
Licenses	139 075 398	152 032 416	48 520 712	30 237 454
Registration Fees	410 345 155	753 737 398	136 726 535	145 260 057
Stop order commission	930 570 519	797 890 287	580 055 524	173 209 256
Sundry Income	6 613 753	5 991 388	4 273 703	1 368 888
Projects admin fees	-	4 703 794	-	1 367 382
Special Projects	109 192 068	8 510 861	109 192 068	2 468 428
	<u>5 142 196 044</u>	<u>4 643 696 165</u>	<u>3 460 382 398</u>	<u>1 033 289 523</u>
15 Other operating income				
Exchange gain	2 543 223 598	307 435 792	1 661 317 633	81 140 795
Insurance Compensation	-	22 922 330	-	5 170 061
Rent Receivable	4 172 912	-	3 206 648	-
Reversal of Impairment	238 085	596 768	238 085	173 479
Profit on disposal of equipment	10 638 564	6 578 505	7 399 847	1 546 962
Donations Received	4 126 055	-	3 935 334	-
	<u>2 562 399 213</u>	<u>337 533 394</u>	<u>1 676 097 547</u>	<u>88 031 298</u>

		Inflation Adjusted		Historical	
		2022	2021	2022	2021
16	Operating Expenses	ZWL	ZWL	ZWL	ZWL
	Staff costs (note 16.1)	3 659 407 929	2 903 629 424	2 337 146 268	686 050 645
	Depreciation	401 550 237	276 564 693	72 472 721	30 591 988
	Motor vehicle repairs and maintenance	247 607 170	150 746 682	162 774 495	34 568 883
	Computer Expenses & Consumables	72 511 555	145 250 512	47 935 373	33 376 507
	Motor vehicles - fuel	142 485 102	127 998 957	100 191 283	28 653 200
	Corporate wear & Protective clothing	25 920 770	71 804 310	16 172 925	20 873 346
	Advertising & Publicity	227 255 830	107 308 309	107 669 075	24 264 415
	Bank charges	83 330 778	102 686 422	59 535 100	23 672 504
	Travel and subsistence	187 339 116	68 246 252	132 269 550	14 879 300
	Rent,rates,electricity and water	108 988 427	97 022 886	82 866 296	13 047 869
	Subscriptions	20 925 480	58 249 296	12 539 784	12 261 344
	HR Professional Fees	23 217 640	47 857 304	19 542 658	11 094 664
	Repairs and maintenance	61 702 938	42 461 630	37 269 146	10 171 250
	Printing and stationery	37 196 039	40 737 900	23 530 505	9 997 302
	Conferences; seminars; workshops	82 633 759	32 495 769	65 158 898	9 446 444
	Sustainability Exp	43 728 053	36 837 656	28 247 465	7 696 856
	Audit Fees	58 021 733	23 206 443	50 900 540	6 271 866
	Director Fees	18 284 053	12 233 729	14 642 347	2 942 418
	Board meeting expenses	18 972 790	7 620 520	15 193 904	1 832 864
	Entertainment expenses	15 313 270	15 972 037	10 297 645	3 381 975
	Insurance	30 793 968	15 080 441	22 627 533	3 576 838
	Internet expenses	93 897 698	30 552 181	65 498 265	7 116 843
	Legal and Professional fees	46 220 432	25 905 900	34 286 637	5 940 854
	Office consumables	27 651 448	33 587 822	20 333 743	7 622 303
	Allowance for credit losses	91 076 176	5 492 720	91 078 176	1 596 721
	Public Relations/ Donations	20 076 447	22 241 746	13 286 393	5 223 889
	Publicity Expenses	9 569 617	13 753 106	6 942 634	3 128 335
	Security guard Services	80 040 950	44 306 386	54 654 091	13 121 836
	Telephones	34 123 474	32 008 849	23 972 869	7 353 870
	Classification	21 776 544	2 055 678	13 042 425	597 581
	Cleaning Expenses	33 033 298	4 650 146	23 029 905	1 351 787
	Sasame Project-cost of sales	61 471 217	-	61 471 217	-
	Covid 19 related expenses	13 106 531	26 051 388	6 356 723	7 573 078
	Impairment Losses	22 326 763	-	22 326 763	-
	Other	9 575 027	14 466 159	7 600 084	1 982 220
		<u>6 131 132 257</u>	<u>4 639 083 254</u>	<u>3 862 863 435</u>	<u>1 051 261 795</u>

16,1 Staff Costs	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Salaries and Allowances	2 733 364 066	2 164 585 473	1 669 010 022	514 694 158
Staff Benefits	230 226 892	175 565 752	175 492 149	41 463 182
Leave Pay provision	194 672 216	141 194 631	125 518 413	27 203 521
Termination costs	4 977 590	75 829 578	4 484 315	21 794 332
Pension Contributions	252 598 415	140 611 531	179 356 313	35 091 738
NSSA Contributions	34 383 122	16 630 009	24 998 086	4 065 291
Medical Aid	143 662 714	91 269 822	106 973 217	20 846 119
Staff Training & Development	20 935 423	38 030 490	18 954 375	7 846 161
Manpower training Levy	28 324 454	24 360 016	20 053 488	5 563 784
Gratuity & Quarterly awards	3 035 460	24 049 019	2 975 941	4 863 168
Standards Development Fund	13 227 578	11 503 102	9 329 950	2 619 192
Total	3 659 407 929	2 903 629 424	2 337 146 268	686 050 645
16,2 Directors' Fees				
Sitting fees and Retainer allowances	18 284 053	12 233 729	14 642 347	2 942 418
16,3 Impairment losses				
Impairment loss on Eden and Chase Project	22 113 124	-	22 113 124	-
Impairment loss on Computer Equipment	213 640	-	213 640	-
	22 326 764	-	22 326 763	-
17 Finance costs				
Interest received	10 680 238	20 720 426	5 701 410	4 818 326
Interest paid	(3 398 260)	(5 732 887)	(2 583 941)	(1 505 701)
	7 281 978	14 987 539	3 117 469	3 312 625
18 Investment income				
Interest received	100 998 957	74 170 133	89 412 609	16 534 692
Dividends	(1 658 753)	3 608 312	1 091 677	860 830
	99 340 204	77 778 445	90 504 286	17 395 522

19 Other comprehensive income	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Opening balance	230 690 381	306 207 337	454 106 228	289 555 054
Surplus on revaluation property	1 655 124 707	(75 516 956)	2 769 051 016	164 551 174
Closing balance	1 885 815 088	230 690 381	3 223 157 244	454 106 228

20 Related Parties

20.1 Relationships

Mr. P. Devenish - Board Chairperson
 Mrs. .N. Dube - Vice Board Chairperson
 Mr. R. Webb - Non-Executive Director
 Mrs. K. Makuku - Non-Executive Director
 Lt. Gen. (Rtd.) Dr. EA. Rugeje - Non-Executive Director
 Mrs. M. Munyonga - Non-Executive Director
 Mrs. M. Mashaya - Non-Executive Director

Management

Mr. M Gudu - Key Management
 Mr. E Matsvaire - Key Management
 Mr. W Zidyambanje - Key Management

	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
20,2 Related parties				
Amounts included in other receivables: Loan Blances-Key management	676 078	9 742 760	676 078	2 832 198
Amounts included in other receivables				
Key management	436 612 512	166 862 408	239 896 984	48 506 514
Short term employee benefits				
Sitting fees and allowances				
Non-Executive directors	18 284 053	12 233 729	14 642 347	2 942 418

21 Financial Instruments and Risk Management

	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
21,1 Financial instruments				
Categories of financial instruments				
Loans to special projects	57 941 245	45 078 356	57 941 245	13 104 173
Trade and other receivables	624 087 983	474 832 911	624 087 983	110 019 408
Cash and cash equivalents	1 651 413 312	1 275 583 664	1 651 413 312	370 809 205

	Inflation Adjusted		Historical	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Investment in Bonds	42 928 767	-	42 928 767	-
	<u>2 376 371 307</u>	<u>1 795 494 931</u>	<u>2 376 371 307</u>	<u>493 932 786</u>

21.2 Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the board if a customer or counterpart to a financial instrument fails to meet its contractual obligations. The board is exposed to credit risk on loans receivable debt instruments at fair value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk exposure arising on cash and cash equivalents is managed by the board through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances management, determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Therefore, the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end then by implication the credit risk has not increased significantly since initial recognition. In all such cases the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default management consider information such as payment history to date industry in which the customer is employed period for which the customer has been employed.

Where necessary the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often the only information available on individual instruments which could indicate an increase in credit risk is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis.

Therefore, making the determination on a collective basis helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated these ratings are used. Otherwise if there is no independent rating risk control assesses the credit quality of the customer considering its financial position past experience and other factors. Individual risk is set based on internal or external rating in accordance with limits set by the board. The utilization of the credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk are presented in the table below:

21.3 Liquidity risk

The Board is exposed to liquidity risk, which is the risk that the board will encounter difficulties in meeting its obligations as they become due.

The Board manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities and financial assets held to mitigate the risk are presented in the following table. The cash flows are undiscounted contractual amounts.

21.4 Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Notes	Inflation Adjusted		Historical	
Levels of fair value measurement		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
Level 1					
Recurring fair value measurements					
Assets					
Financial assets at fair value through profit/(loss) – held for trading					
Listed securities	5	286 524 848	225 750 093	613 084 946	65 625 027
Level 2					
Recurring fair value measurements					
Assets					
Investment property	4	613 084 946	302 742 332	613 084 946	88 006 492
Buildings	3	2 808 584 553	1 414 117 894	35 001 601	403 163 828
Land	3	417 443 679	216 638 138	40 143 427	62 976 203
Total		<u>3 839 113 178</u>	<u>1 933 498 364</u>	<u>688 229 974</u>	<u>554 146 523</u>

22. Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities contingent obligations and commitments will occur in the ordinary course of business.

23. Events After The Reporting Period

There has been no indication of any adjusting or non-adjusting events in a manner of entity specific facts and circumstances. There has been no major event that occurred after the reporting date.











2022

INTEGRATED
SUSTAINABILITY
REPORT

Registered Office

429 Gleneagles Road, **Southerton, Harare**
P O Box 10214, Harare, Zimbabwe

Telephone: 0772145166-169, 08677004624, 0242621740, 621743, 621744
Email: info@timb.co.zw

www.timb.co.zw