

*Directors disclosures
and responsibilities
towards financial
reporting*

27 May 2014

Agenda

*The regulatory
framework*

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*Unanswered
questions*

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*A practical approach
for directors*

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The regulatory framework

Zimbabwe Stock
Exchange
requirements

Companies Act
(Chapter 24:03)

Common Law



Regulatory framework

“director” includes any person occupying the position of director or alternate director of a company, by whatever name he may be called;

“officer”, in relation to a company, includes a director, manager or secretary;

Regulatory framework

*The # of times the term “director”
appears in the Companies Act?*

683

Practical examples

Statement of Directors' Responsibility

Statement of Directors' Responsibility

The Directors are required by the Companies Act (Chapter 24:03) to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the company and the Group as at the end of the financial period as well as the profit and cash flows for the same period.

The Directors are responsible for maintaining records, which disclose with reasonable accuracy the financial position of the company and the Group, and which enable them to ensure that the consolidated financial statements comply with the Companies Act (Chapter 24:03). The Directors are also responsible for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities. The Directors consider that in the preparation of these financial statements, reasonable and prudent judgments and estimates have been made. International Financial Reporting Standards have also been followed where applicable with suitable accounting policies having been consistently applied.

The Directors recognize and acknowledge their responsibility for the Group's systems of internal control. These systems are adequate to provide reasonable assurance that the assets of the Group are safeguarded and that accurate records, necessary for preparation of the financial statements, are maintained.

The Directors have satisfied themselves that the Group is in a sound financial position, and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, your Directors believe that the preparation of these financial statements, on a going concern basis is appropriate.

The financial statements for the year ended 31 December 2013 have been approved by the Board of Directors and are signed on its behalf by the Chairman of the Board, Dr L.L. Tumba and by the Group Chief Executive Mr A.S. Mandiwanza.



Dr. L.L. Tumba
Chairman



A. S. Mandiwanza
Group Chief Executive

13 March 2014

Report of the the Directors

Report of the Directors

The Directors have pleasure in submitting their nineteenth annual report together with audited financial statements of the Group for the year ended 31 December 2013.

SHARE CAPITAL

The authorized share capital is 425 000 000 ordinary shares of US\$0.0001 each. The number of issued ordinary shares increased to 358 000 858 by the allotment of 300 000 shares in accordance with the share option scheme.

RESERVES

The movement in the distributable reserves during the year is outlined below:

Distributable reserves at the beginning of the year	23,028,510
Loss for the period	(1,772,011)
Dividends paid	(1,610,014)
Distributable reserves at the end of the year	<u>19,646,485</u>

Movements in other reserves are shown in the Statement of Changes in Equity.

INVESTMENTS

Cairns Holdings Limited remained under curatorship and the Group did not receive any amount of the outstanding US\$800,000 for the disposal of M.E Charhons (Pvt) Limited done in 2012. However, the curator has identified a prospective investor and it is expected that by the end of the first half of 2014, a scheme of arrangement would be in place for implementation, paving way for the removal of Cairns from curatorship and the recovery of the outstanding debt by the Group.

PROPERTY PLANT AND EQUIPMENT

Expenditure on property, plant, equipment during the period was US\$4.683 million. Expenditure for the year January to December 2014 is planned at US\$13.4 million. This expenditure is to be financed from borrowings and the from Group's own resources.

DIVIDEND

In view of the subdued Group results for the year ended 31 December 2013 and the need to conserve cash, the Board has not declared a dividend.

DIRECTORS

In accordance with article 100 of the company's Articles of Association, Mr. C. Mahembe retires by rotation and being eligible, offers himself for re-election.

Ms. S.P.Bango who has served the company as non-executive director since February 2004 is also retiring in accordance with article 100 of the company's Articles of Association, and is not seeking re-election.

In accordance with article 85(A) of the company's Articles of Association, Dr L.L. Tumba is due to retire from the Board. The company will seek extension for the term of office of Dr L.L. Tumba for another three years.

AUDITORS

Members will be asked to approve the remuneration of the auditors, Ernst & Young Chartered Accountants (Zimbabwe), for the year ended 31

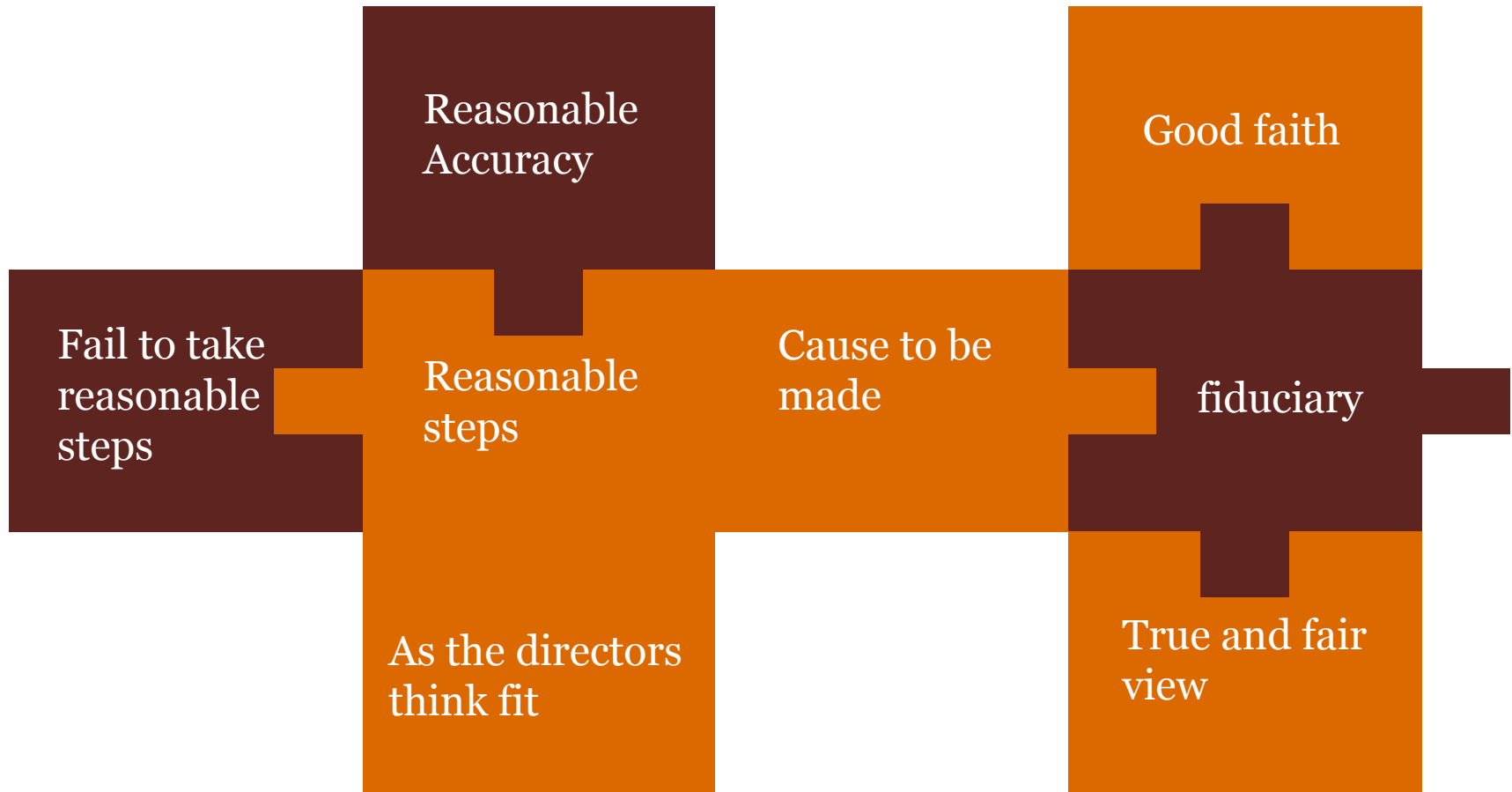
Directors' Responsibility for the Financial Statements – extract from standard audit report

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors dilemma – unanswered questions



Common phrases related to directors responsibilities



A practical approach for directors



Why we have board committees

- To ensure appropriate consideration of certain topics by the board's most appropriately qualified members
- To ensure that the time available to such members is not limited

Delegation does not mean abdication

Sequence of board discussions

Finance
Director/
Managing
Director

- Presentation by executive

Audit
Committee, All
Directors

- Disciplined process of challenge
- Policy decision

FD, MD on
behalf of all the
directors

- Full empowerment of executive to implement

How can PwC help you

- Performing a regulatory compliance risk assessment;
- Compiling a Companies Act risk management and monitoring policy
- Maintenance of accounting records for a company and compiling of financial statements in compliance with the applicable accounting framework, where permitted;
- Incorporation of new companies;
- Setting up records of directors, notices, minutes and a securities register that comply with the standards for company records in the
- Act;
- Maintenance of all secretarial records and lodging all forms, where permitted; and
- Directors training

This list is not exhaustive

Contacts



Tinashe Rwodzi
tinashe.rwodzi@zw.pwc.com
+263 (772) 241 824



Eva Ravasingadi
evangelista.ravasingadi@zw.pwc.com
+263 (772) 102 150



Clive Mukondiwa
clive.k.mukondiwa@zw.pwc.com
+263 (772) 212 799



Kevin Wood
kevin.s.wood@zw.pwc.com
+263 (772) 210 632



Pravin Mithal
pravin.mithal@zw.pwc.com
+263 (772) 102 152



Andrew Vere
andrew.vere@zw.pwc.com
+263 (772) 124 288



Esther Antonio
antonio.esther@zw.pwc.com
+263 (771) 847 262



Manuel Lopes
Manuel.lopes@zw.pwc.com
+263 (772) 301 023

Thank you!

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