

STRIVING FOR **RICHER EXPERIENCES**

TelOne
Bringing You Together

Integrated Annual Report 2020

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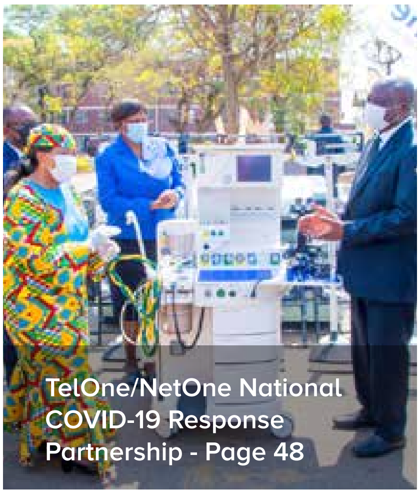

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Introduction

Transitioning Towards Quality of Experience

It is our absolute conviction that the creation of value for our clients is the anchor to our business and gives life to all our other stakeholder objectives and obligations. Our commitment therefore, is to continuously seek more ways to respond to emerging client needs, remain up-to-date with technological trends and offer convenience as we pursue the delivery of value to all our clients. To achieve this, the company has been on a continuous journey for the past five years, starting with network modernization and expansion, which positioned the company to deliver network accessibility to many.

The digitalisation drive which was the main thrust in 2020 continues to be consolidated, setting the tone for the business to transition from providing **"Quality of Service"** to providing "**Quality of Experience".** As we do this, we are guided and driven by several key factors as follows;

- We acknowledge that the lifestyle of consumers has a major effect on choice of service, as some consumers prioritize accessibility for a wide range of services and convenience over affordability. As such, we strive for continued growth of value added services and are actively exploring Internet of Things (IoT) technologies to give customers more value.
- We are developing alternative offerings in line with the use of Big Data Analytics and Artificial Intelligence to sustain growth. The future will see more exciting services as we explore more innovations.
- We endeavor to provide a digital ecosystem which complements the growing demand for data and cloud services for business.
- We strive to ensure that our customer interactions are both enjoyable and convenient as we digitalize our self-service platforms and modernize into use of chatbots and other related platforms for added convenience.
- We realise that our relationship with our customers is a partnership and as such we make efforts to create engagement platforms and take all feedback from our customers seriously as we strive to provide an exceptional quality of experience.

About this Report

Sustainability Management for Stakeholder and Value Creation

We are pleased to present the TelOne (Private) Limited Integrated Annual Report for the year ended 31 December 2020. At TelOne, we are committed to adapt to the ever changing business environment driven by market needs and those of the communities around us. We continue to evolve, transforming our capabilities to become a converged multimedia communication and digital services provider.

This report covers all of TelOne operations in Zimbabwe.

Reporting frameworks

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In reporting on non-financial information, the Company is mainly guided by the following:

- The Global Reporting Initiatives (GRI) Guidelines on Integrated Annual Reporting;
- The Code of Corporate Governance in Zimbabwe (ZIMCODE);
- The Public Finance Management Act (Chapter 22:19) and;
- The Public Entities Corporate Governance (PECOGO) Act (Chapter 10:31);
- The Companies and Other Business Entities Act (Chapter 24:31).

Assurance on financial and non-financial information

Our financial statements were audited by the Office of the Auditor General of Zimbabwe in accordance with International Standards on Auditing (ISA). The independent auditors' report on the financial statements is contained on Pages 58 to 61 of the Integrated Annual Report.

Information tracking our non-financial performance is disclosed to our stakeholders to whom we are committed to deliver value. Adopting the Sustainability Management and Reporting model has ensured that we have taken on board the interests of our different stakeholders and the impact of our interventions which is strictly tracked and reported on.

We desire to be transparent on all such matters and to invest our energies to guaranteeing that the promised value is fully accounted for.

Annually, we map our stakeholders for specific interactive engagements to ensure that as we pursue any material topic of interest to them, their views and desires are considered.

Our Stakeholders

- Government of Zimbabwe;
- Ministry of Information Communication Technology and Courier Services;
- Regulatory bodies which include Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ), Zimbabwe Revenue Authority (ZIMRA), Insurance and Pensions Commission (IPEC), Communications and Allied Industries and Pensions Fund (CAIPF), among others;
- Clients;
- Employees;
- The Media;
- TelOne suppliers and service providers;
- Professional Associations;
- The Communities within which we operate and;
- General Public.

Defining our Material Topics

In line with the Sustainability Management and Reporting Guidelines and also referencing other international standards like the AA1000 Accountability Principles, we have carefully defined our material topics. These are the thematic areas that we have set ourselves to focus and deliver on as we strengthen our Sustainability resolve. Over time and as our Sustainability model matures, we will continue to review and realign our material topics so that they remain relevant to our various stakeholders.

Creating Value for Our Shareholder

We aim to fulfill our mandate to the shareholder through being transparent, accountable and compliant as we pursue the delivery of commercial value in the form of profits.

Creating Value for Our Clients

Our clients are at the heart of what we do. Besides the commercial relationship where they pay for the services that we deliver, we aim to go the extra mile to ensure that in all instances, we have products that suit their needs, we are fair in our offering and that we deliver exceptional service and experience.

Creating Value for Our Human Capital

We care about our team and seek to create a conducive working environment where they are supported to reach their fullest potential. We are driven to ensure our team's wellness, welfare and growth with fairness. We are sensitive to the gender disparities that exist and are deliberately working to encourage recruitment of female employees in leadership, technical and other critical roles.

Contributing to the National Economy

We are driven to wholly support the national development agenda through contributing to the economy and all the defined development indicators under the national strategic blueprints.

Creating Value for our Community

We care about the communities who are part of the broader ecosystem of our business. We are committed to being responsible in our operations to safeguard the interests of the community. We carefully plan our corporate social investments to guarantee inclusivity, sustainability and highest impact.

Contributing to the Protection of the Environment

We acknowledge that the environment we live and operate in also belongs to the future and accordingly take deliberate actions to protect it. All our operations are structured to ensure minimal impact on the environment while priority is given to continuously invest in its restoration and rehabilitation through operational alignment and social investment.

About TelOne

Vision and Mission Statements

CLIENT CENTRIC: Our clients are at the centre of our existence and we will continuously engage them to deliver superior service at all times.

COMMITMENT: We are dedicated to deliver value to all stakeholders

INNOVATION: We promote a culture of creativity and innovation to improve and develop cutting edge products and services.

ACCOUNTABILITY: We are accountable for our actions which will remain compliant, professional and reliable.

EXCELLENCE We strive to continuously improve ourselves in line with changing developments in the sector.

TEAMWORK: We complement each other's effort in delivering superior client service.

How We Are Organised

Infrastructure & Wholesale Division

- National & international Gateway
- Data Centre
- Internet exchange Point
- Wholesale Bandwidth

Retail Division

- Broadband
- Voice
- Satellite
- Value Added Services

TelOne Centre for Learning

- Technical and ICT Training
- Business Training
- Conferencing Facilities

Digital Innovation and Projects

- Smart City
- Online Learning
- Omni Channeling
- IoT (Tracking & Surveillance)
- E-Health
- Manufacture of Devices

Infrastructure and Wholesale Division

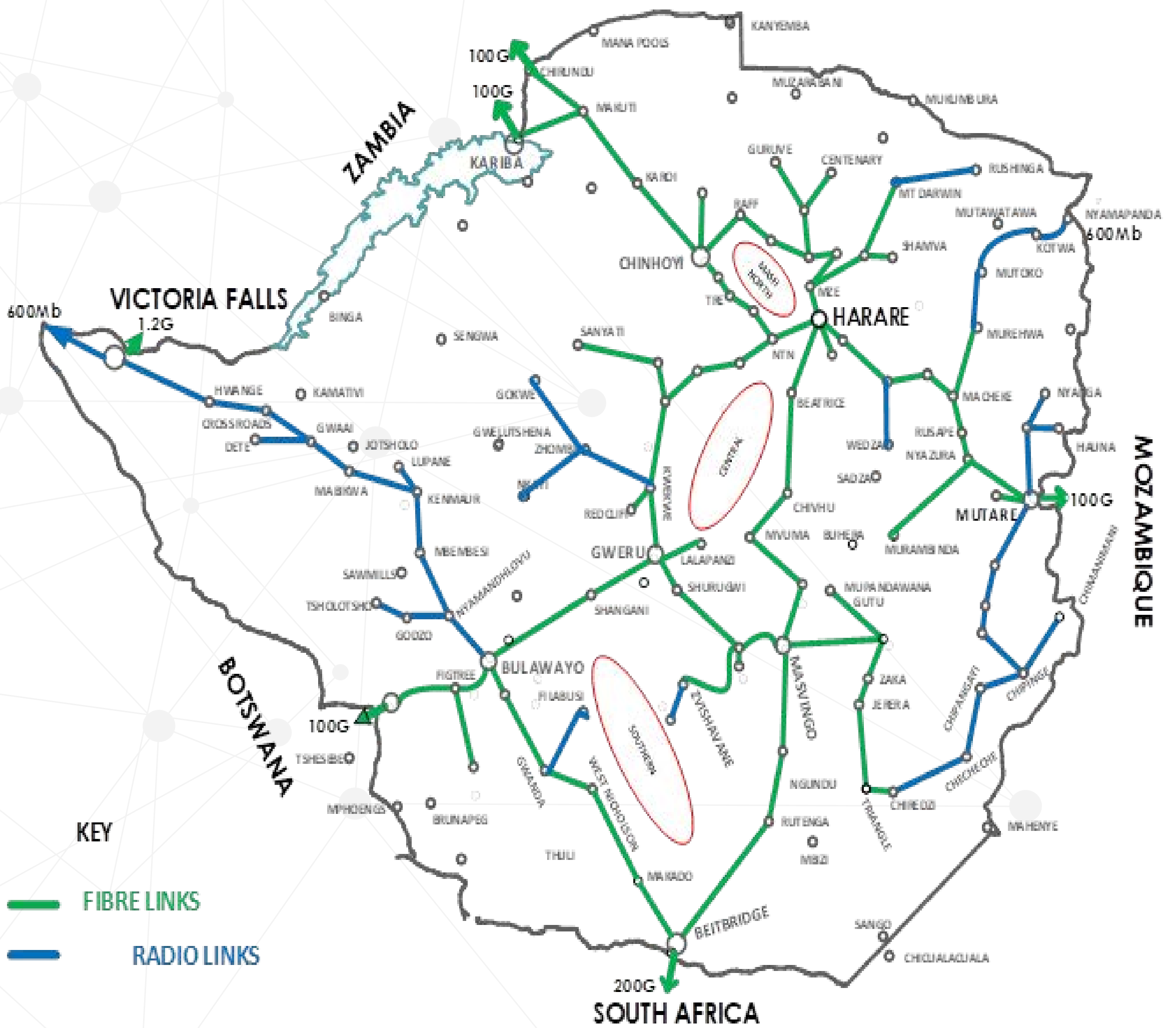
The expansion of our network coverage has enabled us to strengthen our position as a carrier of carriers in Zimbabwe and a provider of cross border connectivity to neighboring countries in the region. Our business continues to grow through provision of services to our clients who include local Mobile Network Operators, Internet Access Providers (IAPs), Internet Service Providers (ISPs), regional and international operators.

Through various interconnection relationships with other carriers both local and international, TelOne has also been able to offer wholesale services. This has been achieved through linking partner telecommunication networks to enable seamless cross network communication for customers.

Backbone Network Expansion

We have been on a drive to modernise and diversify our network through focused additional investments. Provision of reliable regional connectivity remains key to our strategic imperatives considering the opportunities available to carry transit traffic for other carriers going up north. We commissioned the Makuti-Chirundu link in 2020, creating increased diversity into Zambia. The new link provides TelOne with an additional point of interconnection into Zambia to promote network diversity and increased resilience. The investment into the Makuti-Chirundu link enables us to provide connectivity to customers in Chirundu and backhaul services to local operators servicing the area.

National Backbone Footprint



Data Centre Expansion

During the year we expanded the Harare Data Centre with additional 140kW. TelOne now owns and operates state-of-the-art data centres in Harare, Mazowe and Bulawayo, with a combined space of 850 square metres and 800 Kilowatts (KW) of power. The expansion was necessary due to the strong demand which saw us increase capacity by an additional 20 racks as well as cloud computing resources. Our product offering of leading cloud-based services, such as virtual private servers, web email hosting and disaster recovery combined with the TelOne's expansive fibre footprint nationwide ensures that our Data Centre offering continues to enhance customer experience on their digital journey and helps us achieve our vision of a **"Digitally enabled society by 2023"**.

Network Operations Centre (NOC)

The deployment of our state-of-the-art Network Operations Centre (NOC) has brought some operational efficiencies. The facility has enabled us to improve on client experience and service assurance. Significant reduction in fault resolution times and operational costs have been achieved. We now have better visibility into service and network health status which provide insightful and decision-supporting information about our network infrastructure. The facility also provides comprehensive customer, service and network usage information and this enables us to continuously improve network performance and quality of experience.

The Future

The COVID-19 pandemic changed the way we communicate and how business is conducted. This has resulted in increased demand for broadband services and digital solutions. With this in mind, we are focusing on expanding our backbone fibre footprint, modernising the network to improve service reliability and quality of experience. This, among other digital solutions we are working on, will greatly transform the digital landscape.

Minister of ICT, Postal and Courier Services Hon. Dr. J. Muswere (centre) with his Deputy Hon. D. Phuti and TelOne Managing Director Mrs. Chipo Mtasa during a tour of the TelOne National Operations Centre soon after commissioning in 2020.

Retail Division

TelOne's Retail Division caters for the Business to Customer segment, which includes Corporates, Small to Medium Enterprises (SMEs) and households. The division offers fixed voice, data transfer and broadband services as well as Value Added Services (VAS). The Retail Division also offers Enterprise Solutions which include Virtual Private Networks, Point to Point data connections, leased internet, IPBX, Data and Voice Conferencing facilities and webmail hosting. These products broadly fall under three categories, namely Telecommunications, Media and Technology.

Telecommunications

The TelOne Telecommunications category focuses on offering solutions in Voice, Broadband (Fixed and Wireless) and Satellite. TelOne through the rapid growth in demand for broadband has expanded its network through introduction of "Blaze" which is an LTE connection offered to local households and SME's. Businesses continue to enjoy dedicated Internet solutions, VPN and Value Added Services through the various TelOne Data centres.

Media

The future is content and entertainment and the Media space covers our Digital Entertainment on Demand Service (DEOD) which is an exciting and innovative service that allows clients to watch their favourite TV shows, kids programs, music videos and documentaries through a broadband connection. Our TelOne Broadband subscribers can access the DEOD platform for free as we have zero rated data consumption.

DEOD is geared for the African market and has a collection of local producers to suite the emerging cosmopolitan African market. It comes with an affordable subscription.

Technology

As the world acclimatizes to the need for high speed internet connectivity to assist in day to day operations, there presents an opportunity for innovative technology products centred on smart connectivity. TelOne launched Teltrack, our vehicle tracking system that monitors and traces vehicles using vehicle location geo-fencing reporting. TelOne also offers a variety of smart solutions for Government and Enterprises under E-Health and E-Learning services.

Digital Interventions in Client Experience

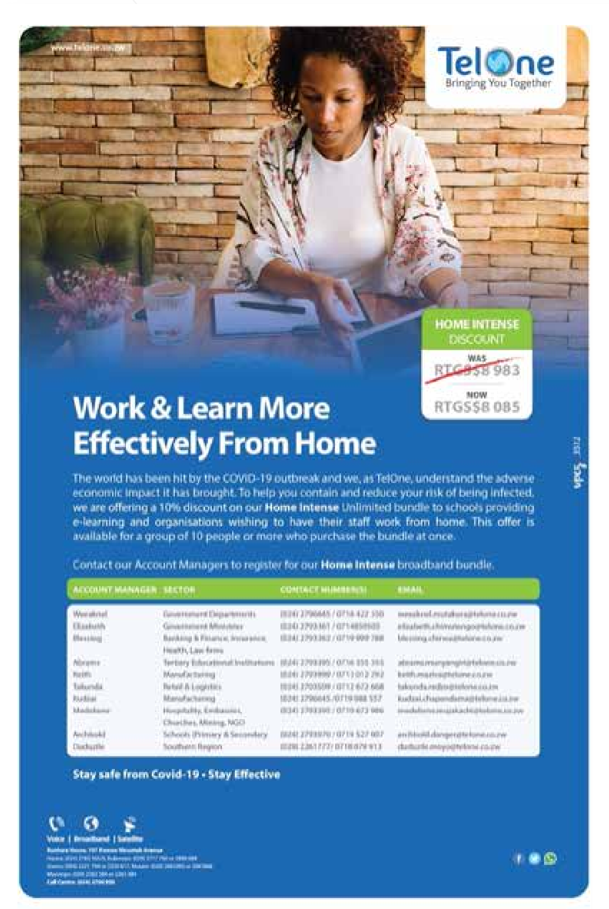
The COVID-19 lockdowns experienced in 2020 changed the way people live, work, learn, interact and play. This prompted businesses to transform towards digitalisation of the work space, education, learning process and access to essential services. This digital disruption not only saw TelOne being an enabler of the new digital lifestyle through the provision of connectivity but also offering innovative solutions for business continuity.

TelOne was classified as an essential service with technical personnel doing physical premises visits and client service agents catering for new and existing customers in selected shops. Our Staff wore full PPE for both our client's protection as well as our employees. We also encouraged our clients to use the TelOne self-service portal, Mobile App, Website Live Chat, email and social media platforms.

TelOne will continue to invest in digital infrastructure to enhance our systems and enhance customer experience.

Reshaping our Product Offering

TelOne digitalised its products and services in response to the "new normal". It became the one-stop-shop providing solutions for multiple requirements; be it online meetings, online learning, online shopping, home deliveries for grocery and pharmaceuticals, e-health and online entertainment. We introduced Work from Home Packages, E-Learning packages, Front-line health workers special package, on-net voice bundle, Impact Learning platform for academic purposes and to facilitate e-Learning.



Work from Home Bundling propositions

1. Home Broadband Intense offer for groups of 10 individuals

The discounted Intense 200 Gig Broadband package is meant for groups of 10 typical enterprise employees working from home. It is adequate for online meetings, emails, downloads, research and normal business operations. Schools also took it up for their teachers who needed access to their students for online teaching during lockdown.

2. Home unlimited offer with DEOD plus free Movies

This was another bundle from TelOne where clients on unlimited packages were offered free movies on our DEOD platform. It was a good offer during the COVID-19 period where clients were given the chance to rewind and relax whilst working from home.

3. Voice Bundle and codeless phone bundle

We introduced a discounted bundle that gives unlimited on-net minutes for the individual who wants to run their business from home. The on-net voice bundle enables teams to communicate effectively through audio conferencing at very low cost. This has been bundled with a cordless handset that gives a 100m radius movement allowance so our clients can move around as they use the landline facility. The TelOne conference calling facility is also available on the landline service and can host up to 64 users on one call.

4. Telephony Goes digital – VOIP

Customers can also enjoy calls using Internet Protocol (IP)-based technologies for services such as VoIP and unified communications (voice PBX, Audio Conferencing, data, E-Mail, & web conferencing). With their Home Broadband connection they get to also do voice calls.

Enterprise Business

The end-to-end Solutions Provider for Businesses

Enterprise Business is a strategic partner to the business world with a key mandate to deliver end to end solutions to enhance customer experience. We serve a range of businesses and have all the key components of the convergence, allowing the organisation to provide integrated voice, data, fixed, IT and data centre solutions.

The customer base being served through Enterprise Business is extremely diverse and it is important that whatever we do in packaging, adds value and that our service is reliable.

With our key focus on customer centricity and experience, we have sought customer classification and rationalisation in order to deliver superior key account management.

The Enterprise Business Department is anchored on the following principles that deliver on customer experience:

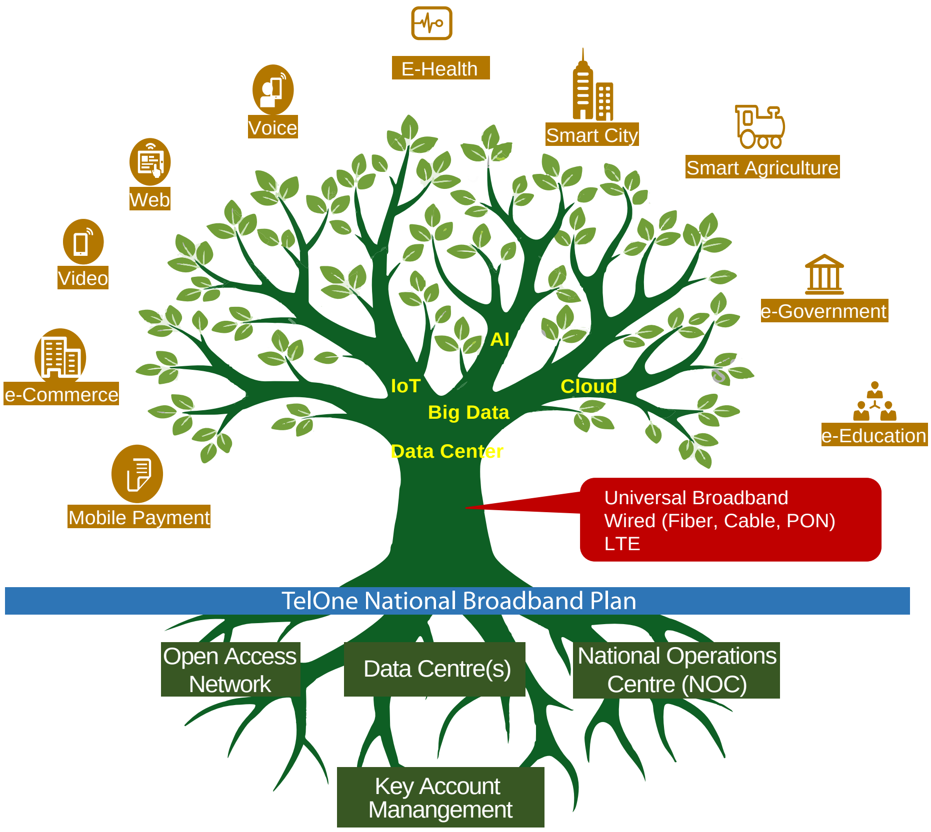
- Growth Mindset - retention, acquisition and development of customers key even in a difficult operating environment;
- Bias for action - our Account management and support teams remain available to give solutions and resolve customer queries and faults;
- Responsibility and accountability - enabled employees of our clients to work from home by offering Home Broadband, VSAT and Virtual Private networks (VPN);
- Customer and client focus - sustainable tariff for the Education sector due to impact of COVID-19 and;
- People development - we remain the cog to drive client experience in this dynamic and challenging space through digital skilling and aligning clients to new opportunities, i.e virtual learning platforms.

Enterprise Business Positioning:

Our immediate and long-term foresight analysis is focused on:
1. Digital transformation to enable client experience;
2. Leading Provider of IT and communications across industries;
3. Wide product and service offerings;
4. Widespread reach, connectivity to almost all locations;
5. Quality Services;
6. A complete portfolio of voice, data and Internet services and;
7. Growing customer base.

Supporting Government Communication Modernisation

- Government Communication Modernization Project is designed to improve communication efficiency, reduce communication costs and free financial resources for other critical programmes.
- TelOne will offer an end to end communications solution which covers Internet, VOIP, Unified Communication, Email, Data Centre and Cloud services.



E-learning

We partnered with the Government for digitisation of Zimsec content for ECD to Form 6. We also provide platforms that can be used by schools and tertiary institutions in delivering online learning solutions to their students such as the Impact learning.

We have created tailor- made packages for the Education sector.

E- Health

TelOne continues to work closely with the Health sector to assist them in modernising both hospitals and clinics countrywide. To date over 50 hospitals and 43 clinics have been connected to the internet allowing them to digitalise their customer databases. In line with international trends, patient records the world over have been digitalised to ensure traceability and ease of reference in compilation of national statistics. The Health sector is set to grow towards enhancing the overall patient and visitor experience by connecting the outpatients and wards sections to the internet.

Smart Connectivity - Vehicle tracking and Telematics Insurance

TelOne has partnered with various Government Ministries for the provision of vehicle tracking and fleet management solutions with 2000 vehicles installed. The TelOne vehicle tracking and fleet management system, Teltrack, is a world class vehicle tracking and monitoring solution based on globally-accepted technology in use in over 23 countries. This smart connectivity drive will also see the business venture into insurance in the foreseeable future.

TelOne remains committed to providing solutions that help Government to:

- Reduce its Communication Costs;
- Improve Collaboration & Efficiency;
- Enhance Ease of Doing Business;
- Increase Productivity and;
- Facilitate Workplace Digitalization.

Digital Innovation and Projects

TelOne has been working to bring to life the Vision to achieve a **"Digitally Enabled Society by 2023"** resulting in the consequent establishment of the Digital Innovation Division.

Through the TMT model, Digital Innovation works to leverage on the Telecommunications infrastructure in crafting new Media and Technology-based products and services aimed at portfolio diversification from TelOne's traditional products.

The division also seized with internal transformation through process digitalization and automation.

Teltrack

TelOne launched the TelTrack vehicle telematics and tracking solution in September 2020. The platform is already providing fleet management and general tracking services to individuals and corporate clients around the country. The project resonates with our digital transformation and product diversification strategy that TelOne has embarked on. A total of 1200 vehicles are already being monitored by the Teltrack platform.

E-learning

The iMPACT Learning platform was launched in September 2020. Through iMPACT Learning, TelOne is now offering virtual learning and school management solutions for Primary, Secondary and Tertiary institutions. The e-learning project is set to improve standards of learning and administration of education in Zimbabwe. Currently, over 2000 students mainly from TelOne Centre for Learning are using the Impact Learning platform. Over 250 learning modules and 50 examination sessions have been conducted on the platform.

Through engagements with the Government, TelOne has begun work with the Ministry of Primary and Secondary Education to provide digitised content for use by students and educators in the country.

Manufacturing

The local manufacture of Information Communication Technology (ICT) gadgets is now fully-operational following the official opening of the PC Assembly plant by His Excellency the President of the Republic of Zimbabwe, Comrade ED Mnangagwa.

The plant has started producing personal computers in the form of tablets, laptops and desktops for the local market. Over 2,000 devices have already been distributed to various Government departments. Another 17 rural primary and secondary schools in all the provinces in Zimbabwe have taken delivery of laptops and tablets from the plant.

75% Around 20 youths of which over 75% are young women have taken employment at the plant.

PC Assembly Plant

TelOne entered into partnerships for the sustainable local manufacture of Information Communication Technology (ICT) gadgets that include laptops, desktops, smart and prepaid electricity meters, smart water meters and other electronic gadgets.

The operations are being done under a joint venture company called Zimbabwe Information Technology Company (ZITCO). The joint venture involves TelOne, fronted by its subsidiary Telecommunications and Infrastructure Gadgets Company (TIGC) and Government-owned company called Flushcord. A third partner in the JV is Inspur Global Information Systems of China, which provides key technical expertise.

The PC assembly plant is positioning to locally produce personal computers in the form of laptops and desktops for both the local and regional markets. With a sizable number of assembly components coming from abroad, the factory will gradually replace most with local materials leading to drastic cuts in the import bill for the country.

ZITCO has partnered leading ICT organisations like Microsoft to offer innovative and affordable gadgets especially for schools and educational institutions.

ZITCO

INFINITY

TelOne Centre for Learning (TCFL)

TelOne Centre for Learning (TCFL) is a SADC Certified Centre of Excellence and seeks to develop skills relevant to digital economy through various courses including a degree, five diplomas and an array of short courses. These course are certified through affiliation with partners such as National University of Science and Technology, CISCO and Huawei.

TCFL has adopted virtual learning which is being delivered through a new e-Learning platform, iMPACT Learning. This e-learning platform is also available to other learning institutions including primary and secondary schools as well as universities and colleges.

The following are flagship TCFL programmes:

Training Services		Facility Services		Consultancy services
Technical Training	**Business Training**	**Conferencing**	**Information centre**	
• Bachelor of Engineering (Honours) Degree in Telecommunications Engineering • National Diploma in Telecommunications • National Diploma in Software Engineering • National Diploma in Data Science • National Diploma in Computer Networking • Huawei Certifications • City and Guilds Telecommunications Systems Certificate and Diploma • Cisco Certified Network Associate • Short ICT courses such as Rigging, Cyber Security, Ethical Hacking, Optic Fibre, ICDL and Cloud Computing	• Leadership Development programs Business Analytics • Digital Marketing • ISO Certification courses • Customer centric courses	• Conferencing rooms, • catering services	• Internet Facilities • Reprographic Services • Research Support	• Skills Audit, • Workforce Analysis, • Effective team • Building and • Talent Management

Working Towards Cyber Security Institute Status

With a newly Established Cyber Security Laboratory, TCFL has embarked on Cyber Security Training for academics and professionals. The centre already boasts of training specialty in Network Security, Application Security, Information Security, Operational Security and Disaster Recovery and Business Continuity. Focus is on increasing investment and building the capacity to achieve Cyber Security Institute Status, a key cog in the strengthening and positioning strategy of the TCFL.

Digital library

As a centre of technology excellence, TCFL is emphasizing the digitalization of its learning and interaction processes in line with global trends. Available on **https://tcflonline.ac.zw/library/**, the TCFL library allows access to an online Librarian for the best archival and research experience.

Impacting your Business

With the Impact learning platform, you have a customizable, efficient and affordable digital tool at your disposal for skills development and training for your staff. With its key features allowing you to:

- Learn and teach online, interactively through the live chat and video service or offline
- Download and upload documents online
- Research through access to electronic resources such as Institution Surveys, Journals and eBooks
- Use any smart device of your choice – phones, tablets, or computer to access the platform
- Make payments online

Upgrade your staff and sign up today!!

#activateyourfuture

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iMPACT Learning

TelOne
CENTRE FOR LEARNING
Technical | Business | Facilities

CORPORATE GOVERNANCE

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Chairman's Statement

Introduction
It is my pleasure to have this opportunity to present to you TelOne (Private) Limited Integrated Annual report for the financial period ended 31 December 2020.

The financial results under review were influenced by the COVID-19 pandemic that has brought about a new normal in the way we live and work, driven by the World Health Organization (WHO) guidelines. The new standards meant that organisations and the general populace became more dependent on our services to keep connected as a way of life for business, education and leisure. As one of the leading corporates in the telecoms industry, it is our duty to be responsible and responsive. TelOne made an exemplary effort during the course of the year to not only safeguard the lives and livelihoods of all employees and those in our local communities, but to ensure our presence continues to benefit the society, both through our actions and the essential telecommunication services we provide.

Operating Environment
The COVID-19 pandemic saw the World Bank estimating a contraction in the global economic growth for the year 2020 by 5.2%, while the Zimbabwe economy also shrunk by 4%.

In addition to the COVID-19 effects, the Telecommunication Sector continues to operate under a challenging environment where major costs are denominated in foreign currency; while revenues are largely in local currency creating a foreign currency deficit which has been difficult to contain across the sector.

However, to ease the foreign currency shortages, in June 2020, the Reserve Bank of Zimbabwe (RBZ) introduced a weekly foreign exchange auction system and relaxed restrictions permitting dual pricing for goods and services in accordance with statutory instrument 185 of 2020. The measures taken were aimed at controlling money supply and stabilise the exchange rates. This somewhat has led to improved availability in foreign currency for settling operating costs.

The inflationary environment that was witnessed during the first half of the year led to an increase in operating costs in Zimbabwe's Telecommunication Sector. Despite easing to end the year at 348.6% (year-on-year) in December 2020, its lowest level since January 2020, inflation remained relatively high. This resulted in increased pressure on prices, and liquidity squeeze on the sector impacting on consumer spending patterns due to low disposable incomes.

The sector remains very competitive in terms of service deployment making it necessary for continued investment in modern infrastructure and technologies.

Balance Sheet Status and need for Recapitalisation

Legacy loans-Post & Telecommunications Corporation of Zimbabwe
Once again TelOne's Balance Sheet is in an insolvency position due to the long reported Legacy Loans inherited from the PTC era in the year 2000. The Government announced plans to warehouse TelOne legacy loans in April 2019 amounting to ZW$35.9 billion (US$432 million), which were inherited from the Postal and Telecommunications Corporation at its unbundling. The warehousing of the legacy loans was meant to restructure the company balance sheet and pave way for privatization. However the formalities of the legacy loan restructuring had not yet been finalized at the end of the year to allow the company to derecognise these loans. The legacy loans of US$432million were further exacerbated by the exchange rate movements in the year, firstly moving from US$1: ZW$25 in February 2020, then US$1: ZW$ 57 in June 2020 and closing the year in December 2020 at US$1: ZW$83. This resulted in a legacy loan costs of ZW$34,7 billion and contributed largely to a net liability position of ZW$8,3 billion.

Legacy Debt Registration Arising out of the Change in Functional Currency

Reserve Bank of Zimbabwe circular 8 of 2019 excluded parastatals and state owned enterprises from registering legacy debt with the central bank creating an unfair advantage to TelOne's competitors in the private sector who were allowed to register their foreign obligations and discharge these obligations at an exchange rate of US$1:ZW$1. The impact of the circular is that TelOne is discharging its obligations to foreign creditors at prevailing exchange rates. The company has, unfortunately, also lost real value on its debtors due to currency reforms, Statutory Instrument 133 of 2019 as well as rising exchange rates experienced in the year 2020. Legacy debts that were due to foreign creditors at 22 February 2019 amounted to US$31.8 million while the company's debtors book at the same date amounted to US$318 million before being converted to ZW$318 million in line which Statutory Instrument 133 of 2019. Consequently the mismatch in conversion resulted in exchange losses of ZW$2,6 billion incurred on the legacy debts due to foreign creditors as the debtors being recovered remained unchanged.

TelOne has been engaging the Reserve Bank to register TelOne debts and has made several follow ups but to no avail.

While the foreign exchange auction is a welcome development the company only managed to secure US$8,2 million, which was insufficient to retire the foreign obligations.

Trade receivables

The company's trade receivables grew to ZW$1.7 billion from ZW1.36 billion in 2019 with the Government of Zimbabwe owing ZW$575 million while Parastatals and State Owned Enterprises accounted for ZW$105 million. Most Government ministries remained on post-paid services due to the nature of the services they provide. The delayed settlement of bills by Government has placed a significant constraint on TelOne cash flows, negatively affecting operations and capital expenditure deployment.

Capitalisation

The company requires US$25O million to recapitalise the business through network modernization and expansion of the broadband service.

We thus continue to implore on the authorities to urgently address the long outstanding balance sheet restructure through :

- finalization of legacy loan warehousing in line with the decision taken by the Cabinet in April 2019;
- allowing the company to register the legacy debt arising out of the currency reforms of February 2019 as was extended to the private sector to cushion the Company on the costs associated with currency reforms;
- regular payment of outstanding government bills for services rendered and;
- a process to recapitalize the business for long term sustainability.

Successful strategic implementation

Despite the challenges faced in the operating environment, the Company remained focused on its path towards the attainment of its vision. TelOne has developed its 5-year strategic Plan based on Government of Zimbabwe's (GOZ) National Development Strategy 1 (NDS 1) and factors in the Operating Environment influenced by market dynamics in the ICT sector. Central to the strategy is the need to achieve long term sustainability through delivering exceptional customer experience.

The COVID-19 has demonstrated the value of our service offerings through enabling fast adoption of tele-working/ learning across all sectors. This has resulted in many corporates switching from enterprise to home solutions, while online learning and shopping has increased exponentially together with the use of internet of things. TelOne's wide range of service offerings consistent with the mission statement has ensured that we remained relevant by providing uninterrupted connectivity through enhancing our core network infrastructure and cross border links.

As a result, the company's operations remained highly sustainable as evidenced by growth in most of the key performance indicators, in which the business achieved a 147% revenue growth from ZW$1.9 billion in 2019 to ZW$4.7 billion in 2020. While inflation driven tariff reviews played a significant part in the revenue growth, the company also experienced a surge in demand for broadband services from 37.5 Gigabytes in 2019 to 52.5 Gigabytes in 2020.

Although, operating costs increased by 200% from ZW$1 billion in 2019 to ZW$3 billion in 2020, these were mainly driven by inflationary pressures experienced in the first half of the year. The major costs are denominated in foreign currency, the depreciation of the local currency by 381% during the year also had a major bearing on the increase in operating costs. A 2% increase was recorded in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), from ZW$658 million in 2019 to ZW$671 million in 2020.

Commitment to Good Corporate Governance

The Board recognizes and subscribes to the principles of good corporate governance and strict adherence thereof. The Board is committed to the principles of openness, integrity and accountability as required by good corporate governance guidelines stipulated in the Zimbabwe Code of Corporate Governance. The Company has reviewed its practices to ensure compliance with the promulgated Public Entities Corporate Governance Act (Chapter 10:31) along with other legislation.

During the year, the Board of Directors carried out a Board Evaluation covering a review of the Board's effectiveness while also reviewing performance of individual Directors. Annual board evaluations will continue into the future in support of the company's thrust on a Performance Management culture anchored by continuous human capital development. This is evidenced by performance agreement between the Board of Directors and the Shareholder.

Outlook

Going forward, we expect a better performance in the 2021 financial year supported by better economic prospects which projects economic growth at 7%.

The company will continue to pursue and implement key deliverables in 2021-2025 Strategic Plan as follows:

- Market share growth;
- Optic fibre network roll out;
- Deployment of data centric products;
- Cost reduction and;
- Championing infrastructure sharing.

We will strive to overcome future challenges, commit to delivering value to our clients through enhancing quality of service and exploring new investment opportunities which ultimately deliver long term value to our shareholder.

Appreciation

I would like to thank the previous Board of Directors led by Mrs J. Machoba who steered the Company through turbulent waters of the past three years.

I also extend my heartfelt appreciation to our shareholder the Government of Zimbabwe (GoZ), business partners, clients for the continued support, trust and loyalty. I extend my sincere gratitude to my fellow Directors for their support and to all staff for the hardwork, as together we continue to chart our course through these most unusual of times.

Dr. D Zimbango
Board Chairman

18 June 2021

Managing Director’s Report

> “We remain confident of our ability to deliver our vision through our dynamic strategies, as has been our tradition.”

Operating Profitably

Despite the slowdown in the economy due to the COVID-19 pandemic, demand for telecommunications services remained strong due to shift in demand for online services. Resultantly, the company managed to post an inflation adjusted operating profit of ZW$671 million (historic operating profit : ZW$627 million), building on the strong performance recorded in the inaugural year of the Telecommunication Media and Technology (TMT) strategy in 2019.

Performance Highlights

	Inflation Adjusted			Historical		
	2020 ZW$	2019 ZW$	change %	2020 ZW$	2019 ZW$	change %
Revenue (billion -ZW$)	4.7	1.9	147%▲	3.1	0.41	656%▲
Broadband (billion -ZW$)	2.9	0.98	197%▲	1.9	0.21	805%▲
Voice (billion)	1.7	857	98%▲	1.1	0.19	479%▲
Average Revenue per User (ARPU)						
Voice	6,666	3,261	104%▲	4,387	131	3,249%▲
Broadband	22,629	8,684	169%▲	15,471	1,936	699%▲
Operating expenses (billion-ZW$)	3.2	1	220%▲	2	0.29	590%▲
Operating expenses to revenue %	68%	55%	23%▲	66%	70%	6%▼
EBITDA (million-ZW$)	671	658	2%▲	627	146	329%▲
EBITDA Margin	14%	35%	60%▼	20%	35%	43%▼
CAPEX (million-ZW$)	664	80	730%▲	151	18	739%▲
Home Broadband Subscribers	128,545	112,337	14%▲	128,545	112,337	14%▲
Enterprise broadband connections	2,504	2,374	5%▲	2,504	2,374	5%▲
Voice subscribers	252,051	262,716	4%▼	252,051	262,716	4%▼
Customer Satisfaction Index	79%	73.2%	7.9%▲	79%	73.2%	7.9%▲
Employee Engagement Index	66.4%	67.3%	1.3%▼	66.4%	67.3%	1.3%▼

Our performance over the past 5 years

Historical	2020 ZW$	2019 ZW$	2018 US$	2017 US$	2016 US$
Revenue	3,136,940,855	414,407,631	125,158,589	119,152,571	114,042,935
Broadband Revenue	1,988,778,560	217,461,448	61,128,434	44,682,734	34,776,939
Voice Revenue	1,105,718,113	190,996,852	61,098,107	71,812,993	79,038,876
Broadband ARPU	1,289	161	51	42	36
Voice ARPU	366	61	18	23	27
Operating Expenses	2,057,246,042	290,135,442	86,343,499	84,250,339	84,920,435
OPEX/Rev %	66%	70%	69%	71%	74%
EBITDA	627,357,719	146,735,702	23,358,479	20,399,562	13,898,199
EBITDA Margin	20%	35%	19%	17%	12%
CAPEX	150,830,750	17,735,293	20,395,783	13,967,876	10,560,635
CAPEX/Rev %	5%	4%	16%	12%	9%
Voice subscribers	252,051	262,716	285,146	264,150	242,227
Broadband Subscribers	128,545	112,337	100,005	87,851	80,745
Bandwidth Capacity	64.5 Gb	42.2 Gb	24.8 Gb	17.4 Gb	7.4 Gb

Our Financial Results

Revenue Growth

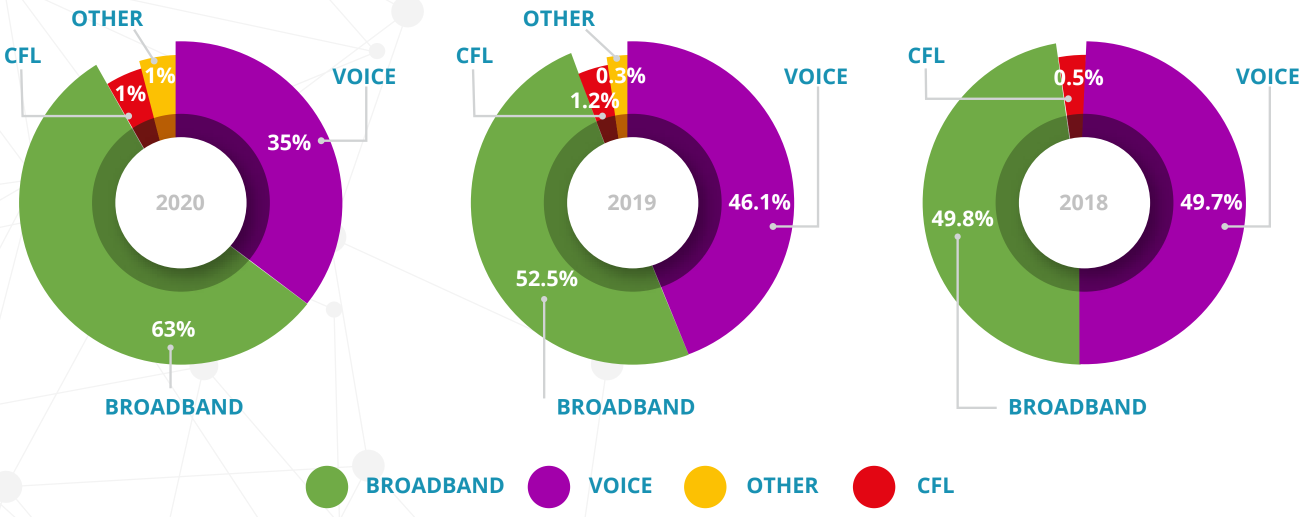
Revenue for the period increased by 147%, in inflation adjusted-terms, from ZW$1.9 billion recorded in 2019 to ZW$4.7 billion in December 2020. The increase in revenue was driven by tariff adjustments and 14% volume growth in broadband subscribers.

The upsurge in demand for Home Broadband services was driven by the COVID-19 induced remote working model (working from home) adopted by corporates for their staff during the lockdown periods, accompanied by increase in online shopping and e-learning. Voice revenues increased by 98% in inflation adjusted terms with subscribers declining due to the migration from Voice to Broadband and other platforms.

The Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) increased tariffs during the year in March, July and August resulting in a cumulative effective tariff increase of 515% for Broadband and 443% increase for Voice services.

Managing Director’s Report (cont.)

Revenue contribution by Product



Profitability

Earnings Before Interest Depreciation and Tax (EBITDA)

The company achieved a 2% increase in EBITDA from ZW$658 million in 2019 to ZW$671 million in 2020. The improved performance was driven by revenue growth and cost containment initiatives. Operating expenses increased by 220% from $1 billion in 2019 to $3.2 billion in 2020.

The increase in operating expenses was mainly driven by the depreciation in the exchange rate of 381% which exceeded inflation of 348%.

Operating costs for the ICT sector are largely foreign currency driven as most of the equipment and software are imported. The depreciation in the rates of exchange therefore has a bearing on the company’s operating expenses.

However, the company closely monitored its costs by prioritizing critical expenditure which resulted in the increase in EBITDA by 2% in real terms and 329% in historical terms.

Legacy Loans Impact - Posts and Telecommunications Corporation of Zimbabwe

The Government announced plans to warehouse TelOne legacy loans in April 2019 amounting to ZW$35.9 billion (US$432 million), which were inherited from the Posts and Telecommunications Corporation of Zimbabwe at its unbundling. The warehousing of the legacy loans was meant to restructure the company balance sheet and pave way for privatization. However the formalities of the legacy loan restructuring had not yet been finalized at the end of the year to allow the company to derecognise these loans.

The foreign legacy loans expenses amounting to ZW$34,7 billion emanating from the legacy debt of ZW$35.9 billion (US$432million), continued burdening the company despite persistent efforts for the government to warehouse the debt.

During the period under review, the company’s Net Loss Before Tax of ZW$10.3 billion compared to loss Before Tax of ZW$35 billion in 2019, is attributable mainly to the legacy loans expenses amounting to ZW$34.7 billion being partially offset by a monetary gain achieved of ZW$24.7 billion. If legacy loan expenses are excluded, the company achieves a profit before tax of ZW$24,4 billion (2019: ZW$508 million).

Legacy Debt Registration Arising out of the Change in Functional Currency

The Company’s performance continued to be weighed down by exchange losses arising out of creditors that were incurred prior to the currency reforms of February 2019. Reserve Bank of Zimbabwe circular 8 of 2019 excluded parastatals and state owned enterprises from registering legacy debt with the central bank creating an unfair advantage to TelOne’s competitors in the private sector who were allowed to register their foreign obligations and discharge these obligations at an exchange rate of US$1:ZW$1. Legacy debts that were due to foreign creditors at 22 February 2019 amounted to US$31.8 million while the company’s debtors book at the same date amounted to US$318 million before being converted to ZW$318 million in line which Statutory Instrument 133 of 2019. Consequently the mismatch in conversion resulted in exchange losses of ZW$2,6 billion incurred on the legacy debts due to foreign creditors as the debtors being recovered remained unchanged.

Statement of Financial Position

The company ended the year under review with a net liability position of ZW$8.3 billion. Debt warehousing of legacy loans as resolved by the Government of Zimbabwe in 2019 will result in a net asset position of ZW$27.5 billion.

Trade Receivables

Trade receivables grew to ZW$1.7 billion from ZW1.36 billion in 2019. The Government of Zimbabwe owed ZW$575 million while Parastatals and State Owned Enterprises accounted for ZW$105 million. The government has 22% (ZW$119 million) of its debt outstanding for more than 6 months, thereby constraining the company’s cash flows and liquidity position. As means to mitigate the problem, the company has made an appeal to the Ministry of Information Communication Technology, Postal and Courier Services and Ministry of Finance & Economic Development to facilitate the company’s initiatives to ease the debt. A number of Government ministries have now been migrated to prepaid services..

Trade Payables

Trade Payables decreased from ZW$2.7 billion (2019) to ZW$2.3 billion in 2020. The bulk of these creditors are foreign creditors whose balances are affected by exchange rate fluctuations on translation. In an effort to maintain good relationship with creditors, the company continuously engages suppliers for flexible payment plans. Also, the company continued navigating on new strategies to improve revenue generation and cash collections on outstanding receivables to accelerate creditor's payment plans.

Sustainability Management Thrust

TelOne continued to focus on delivering on our sustainability priorities, which provide a guide for us to be able to implement and account for the non-financial progress the business is making. Our focus remained on our clients, our staff welfare, and our impact on the communities, the environment and the national economy.

Delivering for Our Clients

The company's approach remains focused on enhancing customer experience through new services, improved customer support and efficient customer complaints resolution. Resultantly, the customer satisfaction index achieved in 2020 improved to 79% compared to 73.2% in 2019.

We continue to be mindful of copper network vandalism that not only affects our reputation but has become costly to the business. Efforts are now underway to address copper network thefts through a project to replace copper with fibre and other technologies less prone to vandalism.

Network enhancements

Investment into network upgrades for the period under review amounted to ZW$151 million. The following key investment projects into the network were commenced in 2020 and are expected to be completed in 2021:

- Upgrade of Kariba-Harare-Masvingo-Beitbridge backbone link from 100G to 300G. This was completed in March, 2021 at a cost of US$578K.
- Data centre facilities upgrade at a cost of US$1,7million.
- FTTH deployment in Mabvazuva with a capacity of 1,800 homes at a cost of US$282K.

Delivering Value to Our Employees

Despite the extremely challenging macroeconomic environment which persisted throughout 2020, an employee engagement index of 66.4% was achieved in 2020 against 67.3% in 2019. Measures to improve employee safety and health were scaled up throughout the period in light of the COVID-19 pandemic. These included providing shuttle services for employees to work, continuous provision of full PPEs, facilitating testing and offering support to the affected individuals. In addition, the company engaged in employee welfare programs which included offering of quarterly grocery hampers for basic commodities, annual wellness programmes and review of medical aid programmes.

Delivering Value to the Community

Guided by the Global Sustainable Development Goals and the company's Sustainable Management thrust, the company continued with its sustainable Corporate Social Investments (CSI). Partnerships were established with NetOne, the World Bank, MATTER and Zimbabwe Prisons and Correctional Services for various CSI initiatives addressing Health and the Environment pillars. TelOne was particularly excited by the range of local and international partners we managed to work with during the year. This is a good endorsement to the TelOne brand.

The year 2020 presented unprecedented challenges the world over due to the COVID-19 Pandemic which besides shaking global health systems, also dealt a huge blow to economies and livelihoods. In response, TelOne had to realign the CSI thrust for the year 2020 to ensure that immediate challenges that faced the country and specific communities were managed. Consequently, the biggest CSI spent was directed towards the Health and Social Welfare pillars. Investment amounting to more than ZW$10 million went towards infrastructure improvements and Personal Protective Equipment for front-line health workers at three major hospitals. Further support was directed towards rural clinics and a few orphanages. The nurseries and orchard initiative which was started in the previous years with the Zimbabwe Prisons and Correctional services continued in the year with more than 30 000 trees planted further harnessing the environment pillar.

Outlook

Building on the customer centric culture, our business continues to adapt to technological changes bringing about new innovative products to meet the ever evolving needs of our market. The business remains focused on providing unparalleled customer experience in an evolutionary way, whilst pursuing our vision of 'digitally enabled society by 2025'. We remain confident of our ability to deliver our vision through our dynamic strategies, as has been our tradition. Going forward, the following will be our key strategic focus areas:

- Expansion of the network countrywide;
- Further revenue growth for enhanced profitability;
- Growing our digital innovation capabilities;
- Improving foreign currency generation capacity;
- Continuously improving Customer Experience and
- Intensifying debt collection measures to improve liquidity

Appreciation

On behalf of Management and Staff, I would like to thank our Valued Clients, our Board of Directors, our Shareholder, the Regulator and all valued stakeholders for the continued support in our efforts to run a sustainable business in the year just ended.

Mrs. C. Mtasa
Managing Director

18 June 2021

Corporate Governance Report

Board of Directors

Dr. Douglas Zimbango
Board Chairman

- Doctor of Philosophy in Organisational Leadership (PhD) (Zimbabwe Open University)
- Masters in Business Administration (MBA) National University of Science & Technology
- Bachelor of Business Studies Honors (BBS. Hons) (University of Zimbabwe)
- Institute of Marketing Management Diploma (The Institute of Marketing Management, South Africa)
- Institute of Bankers Diploma (The Institute of Bankers –Zimbabwe)
- Associate- Chartered Institute of Transport (The Chartered Institute of Transport)

Mrs. Nomusa Jowah
Deputy Chairperson
Technical & Strategy Chairperson

- Masters in Business Leadership (MBL), (University of South Africa)
- BSc.in Electrical & Electronic Engineering, (University of Bath, UK)
- Ordinary National Diploma in Technology, (Solihull College, UK)

Ms. Belinda Muswaka
Audit Committee Chairperson

- Honours Bachelor of Accounting Science (UNISA)
- Bachelor of Commerce (Honors) Degree in Accounting (NUST)
- Chartered Accountant (Zimbabwe)
- Zimbabwe Certificate of Theory in Accounting (ZCTA)

Mrs. Viola Chasi
Finance Committee Chairperson

- Masters in Intellectual Property (MIP, Africa University in Collaboration with WIPO and ARIPO)
- Bachelor of Laws (LLB Hons), (UZ)
- Bachelor of Law Honors, (BL Hons) (UZ)
- Post Graduate Diploma, International Business Law (PGradDip, University of Cumbria)
- Diploma in Accounting and Corporate Governance (ICSAZ)
- Management Advancement Programme Plus (Henley Business School, Africa)

Dr. Stella Phiri
Risk Committee Chairperson

- Doctorate in Business Administration, Binary University, Malaysia
- Executive Masters in Business Administration Degree (Midlands State University)
- Executive Diploma in Business Leadership
- Associate Member of the RBA International

Mr. Gondai Sithole
Human Resources & Corporate Governance Committee Chairperson

- Bachelor of Laws (LLB Hons), (UZ)

Ms. Ephethehile Mazibeli
Board Member

- Masters in Business Administration (UoG)
- BSc Honors in Applied Mathematics (NUST)

Dr. Sherpard Shumba
Board Member

- Doctor of Philosophy in Counselling (ZOU)
- Masters of Science in Human Resources Management (MSU)
- Bachelor of Science in Counseling (ZOU)
- Diploma in Education (Gweru Teachers' College)

Ms. Ginnel K. Mabiza
Board Member

- Chartered Accountant (Zimbabwe)
- Certificate in Project Management (UZ)
- Certificate Theory in Accounting (CTA)
- Association of Chartered Certified Accountant (ACCA) Affiliate
- Post Graduate Diploma in Advanced Accountancy (UNISA)
- Bachelor's in Accountancy Honors Degree (UZ)

Mr. Newman Nyamhuri
Board Member

- Bachelor of Technology in IT, Diploma in Cybersecurity (University of Luis)
- Higher National Diploma Computer Studies(HND), (Kwekwe Poly Tech)
- National Diploma Computer Studies (ND), (Kwekwe Poly Tech)
- Oracle Administration and Networking – Oracle (UNISA)
- Certificate in Information Technology Education (HIT)

Mrs. Chipo Mtasa
Ex-Officio Board Member

- Chartered Accountant (Zimbabwe)
- Executive Management Development Certificate (University of Pennsylvania)
- Bachelor of Accountancy (Honors) Degree (UZ)
- Honorary Doctorate (Business Management) (Women University in Africa)

Corporate Governance Report (cont.)

Executive Management

Mrs. Chipo Mtasa
Managing Director

- Chartered Accountant (Zimbabwe)
- Executive Management Development Certificate (University of Pennsylvania)
- Bachelor of Accountancy (Honors) Degree (UZ)
- Honorary Doctorate (Business Management) (Women University in Africa)

Eng. Lawrence Nkala
Divisional Director Infrastructure and Wholesale

- Masters in Business Administration (UZ)
- Bachelor of Science Honors Degree in Electrical Engineering (UZ)
- Chartered Engineer (UK)
- Member of Zimbabwe Institution of Engineers (MZweIE)
- Member of the Institution of Engineering; Technology (MIET, UK)
- Pr(Eng) Zimbabwe & United Kingdom

Mr. Joseph Machiva
Divisional Director Retail

- Masters in Business Administration (University of Gloucestershire UK)
- Bachelor of Commerce Honors Degree in Marketing (NUST)
- Fellow Marketers Association of Zimbabwe (MAZ)

Mr. Hopewell Zinyau
Corporate Services Director

- Masters in Business Administration (UZ)
- Bachelor of English and Communication (UZ)
- Diploma in Personnel Management (IPMZ)
- Diploma in Training Management (IPMZ)

Eng. Christopher Muchechemera
Digital Innovation Director

- Masters in Business Intelligence (Mt. Carmel Institute)
- Bachelor of Engineering Honors Degree in Electronic Engineering (NUST)

Mr. Bernard T. Makanza
Acting Finance Director

- Chartered Accountant (Zimbabwe)
- Bachelor of Accounting Science (Honours) Degree (UNISA)
- Bachelor of Accountancy (Honors) Degree (UZ)

Eng. Jeremiah T. Munembe
Projects Executive

- Masters in Business Administration (UZ)
- BSc Electrical Engineering (UZ)
- Member of the Zimbabwe Institution of Engineers (MZweIE)
- Black Belt - Six Sigma

Mrs. Caroline Sandura
Company Secretary & Legal Advisor

- Joint Honours in Law and Politics (UK)
- Barrister at Law

Miss Sharai Dube
General Manager (TelOne Center for Learning)

- Masters in Business Administration (Paris Ecole Superieur de Gestion À Paris, France)
- Masters of Science in High Performance Computing (University of Science and Technology Hourie Boumediene, Algeria)
- Bachelors in Software Engineering and Information Systems (University of Science and Technology Hourie Boumediene, Algeria)

Mr. Christopher Maunganidze
Acting Audit and Risk Executive

- MBA University of Gloucestershire UK
- Bachelor of Accounting Science UNISA
- Associate of the Institute of Chartered Secretaries and Administrators (ACIS)

Mr. Cladios Chenga
Procurement Head

- MSc Strategic Management (CUT)
- MSc Purchasing & Supply Chain Management (BUSE)
- Msc Counseling Psychology (GZU)
- Bsc Special Hons Psychology(ZOU)
- Bsc Psychology (General)(ZOU)
- CIPS Professional Diploma (UK), Member of CIPS (UK)
- CIS Certificate
- Diploma in Project Management and Humanitarian Aid (CBCA)

Corporate Governance Report (cont.)

This TelOne corporate governance report provides the annual disclosure on the overall corporate governance system of the business. The report provides information on the various corporate bodies, their composition, functions and powers, as well as the various Board committees.

At the heart of the business, is the desire to achieve the highest standard of organisational efficiency and transparency as the business implements its turnaround strategy. We continue to emphasise the separation of powers between the TelOne Board of Directors and Management; where the former provides an oversight role and the latter implements the day to day running of the business.

We endeavor to be a beacon of ethical and professional conduct as we tap from the rich experience of our skilled and experienced Board members and Management team.

Governance Structure

The Company used to have the following Board Committees: Audit & Risk, Finance, Human Resources & Governance and Technical & Strategy Committees. Under this arrangement, the Board was not compliant in terms of the Public Entities Corporate Governance Act [Chapter 10:31], which requires that the Risk and Audit Committees be separated. This was done at the appointment of the new Board of Directors, effective 11th December 2020. The Company now has five (5) Board Committees which are Audit, Finance, Human Resources & Governance, Risk and the Technical & Strategy Committee.

BOARD OF DIRECTORS EFFECTIVE 1ST MARCH 2018 TO 11TH DECEMBER 2020		
Board Member	**Designation**	**Committees**
Mrs. Juliet Machoba	Board Chairman Non-Executive Director	Human Resources & Governance
Mrs. Viola Chasi	Non-Executive Director	Finance Human Resources & Governance
Mr. Simon C. Chigwamba	Non-Executive Director	Human Resources & Governance Technical & Strategy
Mr. Edward Dube	Non-Executive Director	Technical & Strategy Audit & Risk
Dr. George Manyumwa	Non-Executive Director	Human Resources & Governance Finance
Ms. Belinda Muswaka	Non-Executive Director	Audit & Risk Finance

BOARD OF DIRECTORS EFFECTIVE 11TH DECEMBER 2020		
Board Member	**Designation**	**Committees**
Dr. Douglas Zimbango	Board Chairman Non-Executive Director	Human Resources & Governance
Eng. Nomusa Jowah	Deputy Chairman Non-Executive Director	Technical & Strategy Finance
Mrs. Viola M. Chasi	Non-Executive Director	Human Resources & Governance Finance
Ms. Ginnel K. Mabiza	Non-Executive Director	Audit Finance
Ms. Ephethehile Mazibeli	Non-Executive Director	Technical & Strategy Risk
Ms. Belinda Muswaka	Non-Executive Director	Audit Risk
Mr. Newman Nyamhuri	Non-Executive Director	Technical & Strategy Risk
Dr. Shepherd Shumba	Non-Executive Director	Human Resources & Governance Audit
Mr. Gondai Sithole	Non-Executive Director	Human Resources & Governance Audit
Dr. Stella V.N. Phiri	Non-Executive Director	Risk Finance
Mrs. Chipo Mtasa	Managing Director	All except Audit

Audit Committee

The Audit Committee provides oversight to management to improve transparency and adherence to best practice. The External Auditors are invited to attend all Audit Committee meetings. Matters reported to the Board by the Audit Committee cover a wide range of issues which include:

- Audit plans and budget;
- Corporate governance;
- Capital expenditure programme funding;
- Internal audit matters and internal control environment;
- External audit matters and;
- Company financial policies and procedures.

Finance Committee

The Finance Committee provides oversight to management's financial reporting, through reviews of the Company's annual budget and the Company's financial statements. Matters reported to the Board by the Finance committee include:

- Financial Strategic plans;
- Corporate Strategy and Broad Business Objectives;
- Capital Structure and Funding;
- Capital Management Planning and Initiatives;
- Operating Budget and Implementation Framework and;
- Financial reporting.

Human Resources and Governance (HRG) Committee

The Human Resources & Governance Committee oversees the Human Resources & Governance function within the company including oversight over the human resources strategy, human resources policies, human capital development, compensation and talent development. The committee provides oversight, evaluates and considers for approval matters pertaining to:

- Human resources strategy plan;
- Board Nominations;
- Human resources policies;
- Performance management;
- Executive compensation;
- Staff training and development;
- Health, safety and environmental issues and;
- Other matters that the board may refer to the committee from time to time in connection to the company's Human Resources and Governance issues.

Risk Committee

The Risk Committee provides oversight to management's internal control systems, enterprise risk management and Legal and Compliance issues and to ensure transparency and adherence to best practice. Matters reported to the Board by the Risk Committee cover a wide range of issues which include:

- Enterprise wide risk management and;
- Compliance with relevant laws and regulations.

Technical & Strategy Committee

The role of the Technical and Strategy Committee is to support and advise the board in exercising its authority in relation to business development, market performance and technical projects.

The committee is responsible for approval and on-going oversight matters pertaining to:

The company strategy and board business objectives;

- Business development issues;
- Marketing strategy;
- Technology strategy;
- Capital projects planning and implementation and;
- Other matters that the board may refer to the committee from time to time in connection with the company's strategy and business performance.

Corporate Governance Report (cont.)

Board Induction Program

Following appointment of the Board in March 2018, all Board Members were taken through a designed induction program covering the local and international telecommunications industry, company performance, strategy and an overview of operations.

A Board induction exercise was also done on the 11th February, 2020 for the new Board appointed on 11th December, 2020.

Annual Board Evaluation

An annual Board Self Evaluation System is in place for the evaluation of the performance of individual Board Members and the Board's effectiveness on an annual basis. A Board Self Evaluation Exercise was done and was reviewed in 2020. The next annual Board Evaluation for the new Board will be carried out in January 2021.

Director Tenure and Meeting Attendance for 2020

Board Members attendance to both the main Board and Board Committees is as indicated in the schedule below:

NAME	YEAR OF FIRST APPOINT-MENT TO BOARD	MAIN BOARD (11 MEETINGS)	HUMAN RESOURCES & GOVERNANCE (4 MEETINGS)	FINANCE (5 MEETINGS)	AUDIT & RISK (5 MEETINGS)	TECHNICAL AND STRATEGY (4 MEETINGS)	AGM (1 MEETING)
J. MACHOBA	2018	11	4	N/A	N/A	N/A	1
V.M. CHASI	2012	5	N/A	4	4	4	1
C.S. CHIGWAMBA	2014	11	4	N/A	N/A	4	1
E. DUBE	2018	11	N/A	N/A	4	4	1
G. MANYUMWA	2018	8	4	4	N/A	N/A	1
B. MUSWAKA	2018	11	N/A	4	4	N/A	1
C. MTASA	2013	8	4	4	4	4	1

The schedule below indicates the attendance of the Board appointed with effect from 11th December 2020. They had 2 scheduled Board Meetings in December 2020 and as all Committee Meetings for the year had been held.

NAME	YEAR OF FIRST APPOINT-MENT TO BOARD	MAIN BOARD (2 MEETINGS)	HUMAN RESOURCES & GOVERNANCE (0 MEETING)	FINANCE (0 MEETING)	AUDIT (0 MEETINGS)	TECHNICAL & STRATEGY (0 MEETINGS)	RISK (0 MEETING)
D. Zimbango	2020	2	N/A	N/A	N/A	N/A	N/A
N. Jowah	2020	2	N/A	N/A	N/A	N/A	N/A
V. M. Chasi	2012	2	N/A	N/A	N/A	N/A	N/A
G. K. Mabiza	2020	2	N/A	N/A	N/A	N/A	N/A
E. Mazibeli	2020	2	N/A	N/A	N/A	N/A	N/A
B. Muswaka	2018	2	N/A	N/A	N/A	N/A	N/A
N. Nyamhuri	2020	2	N/A	N/A	N/A	N/A	N/A
S. Shumba	2020	1	N/A	N/A	N/A	N/A	N/A
G. Sithole	2020	2	N/A	N/A	N/A	N/A	N/A
S.V.N. Phiri	2020	2	N/A	N/A	N/A	N/A	N/A
C. Mtasa	2020	2	N/A	N/A	N/A	N/A	N/A

Management Committees

TelOne Management Committee members have a crucial obligation to direct the activities of the business, while ensuring delivery of set targets and strict adherence to corporate governance practices. Through the works of various committees, TelOne has been able to effectively and efficiently implement and monitor activities towards attainment of business goals. The committees that have been put in place to assist in managing business operations are as follows:

i. **Executive Committee**

The Executive Committee has the responsibility to manage the affairs of the company. The Executive Committee reviews significant functions of the Company and recommends appropriate action to the Board. The Executive Committee is tasked with implementation of the company's strategy, ensuring that there are sound policies and procedures in place to guide operations. It also ensures that there are adequate systems of internal control to safeguard company assets and resources.

ii. **Risk and Compliance Management Committee**

This committee meets monthly to review the company's risk profile and monitor implementation of appropriate actions to mitigate identified risks.

ii. **LEAN Management Committee**

The committee's mandate is to establish a broad strategic framework, which enables the sustainable implementation of lean management philosophy, Digitalisation and Data Governance programmes in TelOne. The Lean concept is about managing and organising work using the 6S Model thereby improving efficiencies and the overall organisation performance.

iv. **COVID-19 Committee**

The Committee is chaired by the Managing Director and it's key mandate is to ensure business continuity in the face of COVID-19 pandemic threat. The Committee also oversees COVID-19 preparedness by the company including monitoring and implementation of agreed guidelines and programmes.

V. **Client Experience Management Committee**

The Committee is chaired by the Head of Corporate Communications and is tasked with monitoring the operational day-to-day activities of the Company's business that have a direct impact on Client Experience. The Committee also develops strategies guided by customer feedback to improve and enhance customer experience.

Internal Audit

The company has in place an independent Internal Audit function with reports functionally to the Audit Committee of the Board. The Internal Audit function is governed by an internal audit charter which is reviewed regularly. Internal Audit's scope of work is reviewed and approved by the Audit Committee annually. The Audit Committee also receives quarterly reports on Internal Audit's work.

Performance Management

We have in place a performance management system which was developed from the Results Based Management System. The performance management system evolves from the company's strategy whereby departmental targets and strategic initiatives are first determined at company level. Following the determination of corporate and departmental strategies, individual employee performance contracts are signed off for every employee. These contracts form the basis of performance reviews which are done formally on a quarterly basis.

Business Ethics, Integrity and Transparency

TelOne is committed to upholding high standards of integrity and corporate governance in all operations. TelOne will continue to conduct itself in an open, honest, ethical and transparent manner. The company recognizes the importance of protecting its human, financial, physical, informational, social, environmental and reputational assets. To facilitate the investigation of any instance which goes against the company's values and systems the company has for the last 5 years operated an independent and anonymous fraud reporting hot-line, Tip Offs Anonymous, offered through Deloitte.

Deloitte.
TIP-OFFS
ANONYMOUS


SUSTAINABLE DEVELOPMENT GOALS
1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Sustainability

- Creating Value for Our Shareholders
- Contributing to the National Economy
- Creating Value for Our Clients
- Creating Value for Our Human Capital
- Contributing to the Protection of the Environment
- Our Commitment to the Community

As a sustainable business, specific deliverables around our material topics are pursued throughout the year. Social, Economic and Environmental values anchor TelOne's approach to Sustainability Management and the definition of the material topics. We are pleased to share our non-financial progress report for the year 2020 for each priority focus.

Creating Value for Our Shareholder

His Excellency President of Zimbabwe Dr. E.D Mnangagwa during the tour of ZITCO Manufacturing Plant accompanied by the Chief Secretary to the President and Cabinet Dr. M. Sibanda. The President visited the plant in January 2020 to monitor and assess the ICT gadget assembly projects. He has since officially commissioned the plant which is now in full operation.

The company continued its pursuit for transparency and sound Corporate Governance through holding its Annual General Meeting (AGM) and publicly declaring it's financial results, its risks and general social impact programmes.

Activities to continuously engage and update the shareholder were followed through with periodic reports and engagements. The business throughout the year opened its doors to different levels of Shareholder representatives to allow them to review operational progress while providing input and guidance in some critical projects of interest.

Minister of Finance and Economic Development Hon. Professor Mthuli. Ncube (centre) took time for a familiarisation tour of various TelOne sites. The Minister had the opportunity to appreciate the TelOne Strategic direction and provided some guidance as a key Shareholder representative.

Minister of Finance and Economic Development Hon. Professor M. Ncube (centre) flanked by Minister of ICT, Postal and Courier Services Dr. J. Muswere, Permanent Secretary Dr. Eng. S. Kundishora, TelOne Managing Director Mrs C. Mtasa and TelOne Retail Director Mr. J. Machiva at the TelOne Client Experience Centre.

Contributing to the National Economy

Minister of State in the President's Office in charge of Implementation and Monitoring Government Programmes Hon. J. Gumbo accompanied by Minister of State for Mashonaland West Provincial Affairs & Devolution Hon. M. Mliswa-Chikoka on a monitoring visit of the TelOne Makuti-Chirundu optic fibre project. The link connects the country to Zambia allowing for foreign currency generation through international interconnection business.

We are driven to wholly support the national development agenda through contributing to the economy and all the defined development indicators under the national strategic blueprints.

As the company with one of the widest countrywide network coverage in Zimbabwe, TelOne's broad objective by 2030 is to further expand the network to provide affordable broadband connectivity to everyone in the country and beyond. TelOne being an integral part of the Information Communication Technology (ICT) sector in Zimbabwe has been playing a significant role to contribute towards improving Zimbabwe's economy by 2030 through direct job creation, positive contribution to the Growth of Gross Domestic Product (GDP), improved ease of doing business through introduction of new innovative ICT services, streamlined business processes and improved efficiencies. Pursuant to this endeavor, over the past year impact on the economy and general national development was as follows;

Employment Creation

Employment Creation	2019	2020	% improvement
Specialist skills	36	44	22.2%
Brand Ambassadors	41	64	56.1%
Casuals	389	519	33.4%
Total	**466**	**627**	**34.5%**

Settling Tax Obligations

TelOne remains compliant and responsible to the tax authorities. Efforts to settle all its tax obligations within the stipulated period as guided by statutory regulations are ongoing. The company's contribution is through various tax heads such as VAT, Special Excise Duty, Withholding Tax, PAYE and Non-Resident Tax.

During the financial year ended 31 December 2020, TelOne paid ZW$509.8 million in settlement of its tax obligations. In 2019 ZW$130 million was contributed to the national economy through taxes.

Supporting Local Companies through Procurement

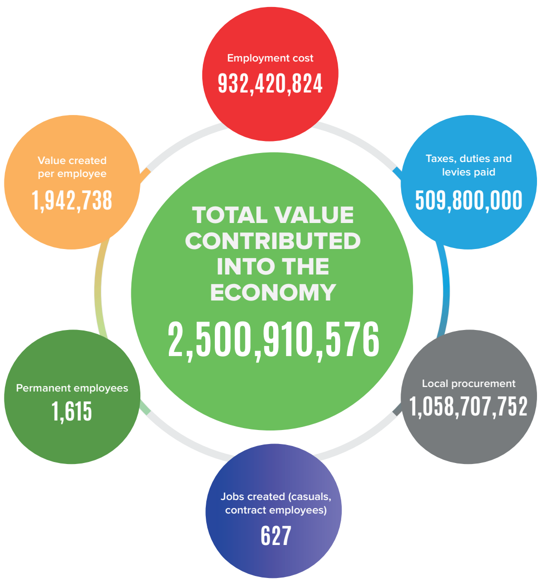
TelOne strives to be transparent in all our procurement as guided by the country's laws. Furthermore, the company deliberately prioritises local procurement for most of the requirements to support industry growth and downstream employment creation. Small and Medium Enterprises are

among the biggest beneficiaries of our procurement plans execution.

For the year 2020, 95% of our tenders with a total value of ZW$1,058,707,751.92 were awarded to local companies. In future, the company intends to target businesses operated by women and youth.

Value Distributed into the Economy

2020: ZW$



Contributing to the National Economy (cont.)

Investing in the Network for Efficient Service

In 2020 the business made a number of network investments focusing on consolidation of existing infrastructure to ensure a resilient, robust, flexible and future proof systems and services to improve client experience and address the ever-changing client requirements. Improvements in the network have contributed to business efficiencies and lowering of communication costs thus improving the attractiveness of doing business in Zimbabwe.

The following digital transformation infrastructure projects were implemented and commissioned at a cost of US$3,8million.

Project Name	Cost (US$)	Scope/Deliverables	Economic Benefits
Backbone Upgrade 200G Phase 1 (Tejas)	581,000	Upgrade for Kariba-Chinhoyi- Harare-Masvingo-Beitbridge backbone link by an additional 200G	• Provide redundancy resulting in improved reliability and network availability • Increased throughput capacity to interconnect across the border • Provide capability for providing broadband to individual customers
IP/MPLS Harare Eastern Ring (100G) (Huawei)	800,000	Replacement and upgrade of Harare Eastern Ring (100G) (Harare Main, Julius Nyerere Way, Highlands, Borrowdale, Warren Park, Avondale and Northwood) IP/MPLS nodes.	• Provide connectivity for residential, SME's and enterprises • Backhauling of mobile broadband traffic • Increased internet speeds for both enterprises and residential
Internet Core Switches Upgrade (CISCO)	321,000	Upgrade of internet core network switches from 20Gbps to 40Gbps	• Increased internet throughput and improved quality of experience • Efficient peering with other cross border service providers for internet connectivity
Operations Support System (OSS) Upgrade (Huawei)	1,500,000	Replacing discrete U2000 OSS systems with one integrated U2020 OSS	• Improved network monitoring and surveillance
Modular Facility Data Centre	600,000	Installation and Commissioning of a Performance Optimised Data Centre (POD) with 20 additional racks at Harare Data Centre.	• New data centre capabilities and capacities
Digital Platforms		Development and Implementation of the following Digital platforms to automate processes: -E-Recruitment -Enhance Digital payments of self -service portal -Document Management System -WhatsApp Chatbot	• New Services capabilities • Enhanced efficiencies and improved user experience
Total	**3,802,000**		

Contributing to the Protection of the Environment

We acknowledge that the environment we live and operate in also belongs to the future and accordingly take deliberate actions to protect it. All our operations are structured to ensure minimal impact on the environment while priority is given to continuously invest in its restoration and rehabilitation through operational alignment and social investment.

Focus	Initiative
Sustainable Power Management	**Installation of Solar Power** The company is pursuing green power solutions with solar installation already making progress. Three stations (Chinhoyi , Karoi, Makuti) have solar systems. Several stations are on course for similar projects which is being implemented in phases.
	Energy Saving Lighting Replacement of conventional lighting with low energy consumption (LED) bulbs. The Project is being implemented countrywide with 31 exchanges on LED lighting
	Establishment of bio-digesters Work is in progress for installation of bio-digesters at selected TelOne facilities to helping in energy saving while keeping the environment free of waste
	Power correction factor Option is being pursued to manage sites with high power consumption. One site has been installed as a pilot. Success was registered in reducing the commercial power consumption significantly.
Sustainable water management	**Borehole Installation** Boreholes have been installed on company sites countrywide to ensure sustainable water supply to its facilities. To date, 41 stations out of targeted 45 have boreholes fully equipped with reservoir tanks.
Sustainable waste management	**Oil Separation** Work to install oil separator facilities to ensure procedural discharge of oil and petroleum products was launched. 3 out of 7 sites have been completed
	Recycling TelOne entered into contracts for recycling of waste paper where paper companies buy and collect waste paper from TelOne sites.
Realigning Operations to protect the environment	**Reducing Carbon Emissions** Withdrew old age vehicles from circulation as these were now more ten years old in order to reduce carbon emissions in the environment. 17 vehicles withdrawn
	Recovery and disposal of redundant materials 28km of network recovered.

Creating Value for Our Clients

Going the Extra Mile for our Clients

Our clients are at the heart of what we do. Besides the commercial relationship where they pay for the services that we deliver, we aim to go the extra mile to ensure that in all instances we have products that suit their needs, we are fair in our offering and that we deliver exceptional service and experience.

The Big Deals promotion was launched with a view to reward our clients for subscribing to our voice and broadband services. The business has continued to position itself as the most affordable voice and internet solution provider in the country.

Client Engagements - Household and Enterprise Clients

In line with our client-centric culture, we took time to celebrate our clients during the months of March and October 2020. Clients were given spot prizes for settling their bills and for buying broadband vouchers. Clients were also given voice tokens in line with the organisation's drive for prepaid voice uptake. The spirit of amazing clients permeated throughout all our client touch points and continues as our new slogan of service: **#AMAZE!**

Convenience **-** Our clients were also proactively engaged through our digital platforms pertaining to our promotions, self-help platforms, service downtimes/restoration and key contact persons at our client touch points across the nation.

Regional WhatsApp numbers were implemented as a demonstration of commitment towards always being within reach to our clients in spite of the COVID-19 pandemic.

The virtual contact centre was implemented as a business continuity intervention during the COVID-19 pandemic and this enabled contact centre agents to assist our clients efficiently from the comfort of their homes.

Our Enterprise clients were continuously engaged on product improvements, enhancing network reliability, account management and back-up options.

The various initiatives around client experience resulted in an improved customer satisfaction index (CSI) from 74 to 79%. The Net Promoter Score (NPS) also improved from 21% to 34%.

Supporting Our Customers Through the COVID-19 Lockdown

The rapid transformation towards digitalisation prompted TelOne to develop product bundles and services tailored to our customer during and post the COVID-19 lockdowns. TelOne's affordable bundled product offering enabled virtual human interaction and allowed business continuity. TelOne catered for teleworking employees, critical front-line health workers and students through special discounted broadband bundles as well as the on-net voice bundles to enable voice calls and teleconferencing.

Teleworking Bundles

On-net calling voice bundle

Creating Value for Our Human Capital

In the pursuit to create value for our human capital who are a key stakeholder, we are on sustained drive to support all staff to reach their fullest potential while prioritizing our team's wellness, welfare and growth. In view of the risks posed by the COVID-19 pandemic, management put in place several initiatives to ensure staff safety.

Supporting Talent, Personal Development and Career Growth

Succession Planning and Talent Development

The organization developed Succession Planning focusing on sustaining business continuity and talent pipeline using a Bench strength model. Management has developed succession charts for Executive Management and all managerial positions coming up with readiness plans for all managers. The readiness plans are supported by Personal Development Plans (PDP) for the Executives and are cascading the PDP to other levels. Effective succession planning should see the business being able to fill some of its critical positions internally consequently supporting career growth as junior employees take-up superior roles.

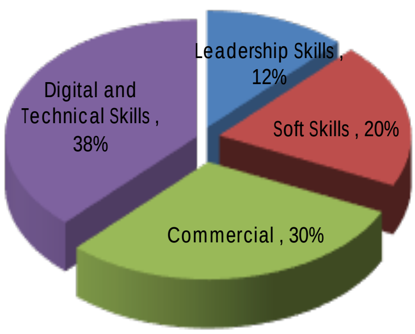
Towards an Engaged Workforce

2020 Culture and Employee Engagement Survey Summary
TelOne's management has taken several initiatives to address the Culture and Employee Engagement indices. Management allows staff participation through independent employee engagement survey on company initiatives and value their contribution on company programmes such as strategic direction, training and development, remuneration structure, health and safety as well as leadership development amongst other initiatives. The company engagement index at 3.3 out of 5 (66.4%) compares favorably with the national average of 68% and 2019 level of 67.5%

Facilitating Continuous Learning

2020 Human Capital Capabilities Blueprint Update
The 2020 Human Capital Capabilities Blueprint was delivered using online platforms as the company continues to emphasise continuous learning and up-skilling. The 2020 human capability blueprint and trainings gave emphasis to digital, technical, commercial, soft skills and leadership development with a total of 1880 staff members participating in the different training programmes.

2020 Training summary



Focus on Staff Welfare

COVID-19 Management in the Workplace

TelOne Management reacted swiftly to the COVID-19 pandemic in order to mitigate the impact on staff and the business in general. The company was pro-active and took a lead in coming up with a Response and Business Continuity Plan, which paid dividends as there was limited number of victims while there was also no significant business disruption. Below are some of the interventions;

Occupational Safety

ACCIDENT STATISTICS 2020										
Month	Minor Injury	LTI	Fire	RTA	FAC	Near miss	Total Accidents	Lost Days	YTD Accidents 2020	YTD Accidents 2019
Jan.	0	1	0	0	0	0	1	10	1	1
Feb.	0	2	0	0	0	0	2	16	3	3
March	0	0	0	0	0	0	0	0	3	6
April	1	0	0	0	0	0	1	0	4	8
May	0	0	0	0	0	0	0	0	4	11
June	0	0	0	0	0	0	0	0	4	11
July	0	1	0	0	0	0	1	5	5	11
Aug	0	0	0	0	0	0	0	0	5	15
Sep	0	0	0	0	0	0	0	0	5	16
Oct	0	1	0	0	0	0	1	8	6	16
Nov	1	2	0	0	0	0	3	12	9	19
Dec	0	0	0	0	0	0	0	18	9	20
	2	**7**	**0**	**0**	**0**	**0**	**9**	**69**	**9**	**20**

KEY: LTI - Lost Time Injury, **PD -** Property Damage, **RTA -** Road Traffic Accident, **FAC -** First Aid Case

The company has been on a heightened occupational safety drive which has resulted in the tightening of measures through inclusion on safety matters on performance contracts. This resulted in accidents reduction from 20 in 2019 to 9 in 2020.

Creating Value for Our Human Capital (cont.)

TelOne Managing Director Mrs. C. Mtasa with TelOne female leaders during the 2020 international Women's Day celebration luncheon in Harare.

In Pursuit of Gender Equality

Management has continued to facilitate affirmative action through initiatives that encourage women recruitment and general elevation of the women's agenda in the workplace resulting in a positive trajectory in that space.

Female Recruitment Update

Area of Focus	2019	2020	% improvement
Improvement in Female Recruitment	43	61	42%
Improvement in Gender Ratio in Technical Jobs	125	152	22%
Improvement in Gender Ratio in Management Jobs	17	18	6%

Our Commitment to the Community

We are responsible to the community in which we operate and to fulfil our responsibility, we have been guided by the Sustainable Development Goals (SDGs) to define our Corporate Social Investment pillars and programmes.

TelOne Corporate Social Investment is run under five pillars derived from selected five Sustainable Development Goals as follows:
Pillar 1: Social Welfare (SDG 1: End Poverty in all its forms everywhere)
Pillar 2: Health (SDG 3: Promote Health and Well-being)
Pillar 3: Education (SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all)
Pillar 4: Girls Empowerment (SDG 5: Achieve gender equality and empower women and girls)
Pillar 5: Environment (SDG 13: Take action to combat climate change and all its impact)
The year 2020 presented unprecedented challenges the world over due to the COVID-19 Pandemic which besides shaking global health systems also dealt a huge blow to economies and livelihoods. In response, TelOne had to realign the CSI Programming for the year 2020 to ensure that immediate challenges that faced the country and specific communities were managed. Consequently, the biggest CSI spend was directed towards the Health and Social Welfare Pillars while several activities under the Environment completed the CSI programming for the year.

2020 CSI Programmes Summary

Sustainability Pillar	Performance Target	2019 Performance	2020 Performance
Our Customers	Increase customer satisfaction and achieve a customer satisfaction index of 90%	76%	75%
	Attend to new service installations within an average of 24hours	57.25 hours	105 hours
	Attend to client service faults within an average of 24 hours	33,58 hours	62 hours
	Increase service reliability and achieve a network uptime of 99.95%	99,99%	99,95% *In 2020 there was an increase in copper thefts coupled with COVID-19 which forced staff to work on shifts*
Our Employees	Community employment opportunities created through projects	466	627
	Number of university students for work related learning	160	85
	Achieve 5 training days per year	1.6	1.8
	Rate of staff turn over	4%	3,5%
	Eliminate time lost through injuries at the work place (LTI days)	69	69
	Improve work culture index score to 3 out 5	3.5	3.6
Our Community **(Health)** 3 GOOD HEALTH AND WELL-BEING	• Impact community through supporting access to health • Infrastructure Support at 2 health facilities .	• Assorted medicines and medical supplies donated to 4 health centres servicing Cyclone Idai victims. (benefited at least 50 000 people in Chimanimani and Chipinge communities).	• Public Hospitals Ward Refurbishment and Borehole Drilling. (3 Hospitals Impacted14,000 patients benefited directly). • Public Hospitals PPE and Consumables Donations at 3 hospitals. Public Hospitals Equipment Donations at 1 hospital. • Rural Clinic COVID-19 Response Pack Donations (18 Rural Clinics in10 Rural Districts reached). • COVID-19 Public Communication Campaign (National Reach with Billboards on national highways and Posters in all 10 Provinces).

Our Commitment to the Community

Sustainability Pillar	Performance Target	2019 Performance	2020 Performance
Our Community **(Social Welfare)** 1 NO POVERTY	• Structured Support 2 Charitable institutions. • Respond to adhoc national emergencies and community needs.	• Donated 500 blankets, 500 grocery hampers and building material to Cyclone Idai Victims. (Benefited 500 displaced families). • Staff donations of building material to Cyclone Idai Victims. (Benefited 420 pupils and 310 families (two primary schools and 2 villages). • 100 blankets, Groceries and Exercise books donated to one Orphanage (Benefited 534 orphaned children).	• Food Donations to Charitable Homes. *(2 children's Homes with a combined population of 118 and 1 Old Age Home with a population of 13 impacted)* • Wheelchairs, Blankets and Food Donations to vulnerable groups and individuals. *(100 people living on the streets received blankets* *-15 people with disability received wheelchairs and other materials)*
Our Community **(Environment)** 13 CLIMATE ACTION	• Litter bins replacement for 10 local authorities. • Strengthened orchards and nurseries programme running at 3 prisons.	• 1000 Bins donated to 8 municipalities. • 10 000 fruit trees, two 5 000-litre water tanks, greenhouse and solar powered borehole system donated to the Zimbabwe Prisons and Correctional Services. • 20 000 trees planted countrywide.	• 500 bins donated to 3 municipalities. • 4 Prisons reached for orchard and nurseries establishment. • 30,000 trees planted.
Our Community **(Education)** 4 QUALITY EDUCATION	• Impact community through supporting access to education through material donations. • Support infrastructure development.	• A total of 130 laptops donated to tertiary institutions and schools around the country. • A donation of 30 000 exercise books to schools implemented. • Construction of Innovation labs at 2 universities.	No activity
Our Community **(Girls Empowerment)** 5 GENDER EQUALITY	• 100 girls successfully trained and completing the TelOne Girls Mentorship Programme delivered with support from 4 partner organisations.	• 200 high school girls adopted for job shadowing, mentorship and training. • 30 000 sanitary pads donated to less privileged rural girls.	No activity

Refurbished Ward A1 at Sally Mugabe Hospital and Ward B5 at Mpilo Hospital. The project was part of the collaborative effort by TelOne and NetOne under the joint COVID-19 response project

Our Response to COVID-19

His Excellency President Dr. E.D Mnangagwa recieves a symbolic cheque from TelOne Managing Director and NetOne Acting CEO for the two companies' COVID-19 response support. Looking on are the Minister of ICT, Postal and Courier Services Dr. J. Muswere, Minister of Finance and Economic Development Hon. Professor M. Ncube and Senior Government Officials.

TelOne/NetOne National COVID-19 Response Partnership

The year 2020 brought unprecedented pressure in the Health sector in Zimbabwe just like in most countries. For a far reaching and impactful intervention, TelOne partnered sister entity, NetOne (Pvt) Limited to come up with a COVID-19 Response Fund totalling ZW$10 million (then converted to an equivalent of US$400,000). Under the project, the following was completed:

i) Sally Mugabe Hospital Ward A1 and Mpilo Hospital Ward B5 were adopted for complete renovation, furnishing and equipping;
ii) Provision of PPEs and consumables for front-line healthcare workers which included N95 and surgical masks; reusable and disposable aprons; coveralls and overshoes; hand sanitisers and disinfects;
iii) Provision of clean water through drilling and equipping of three boreholes at Sally Mugabe Central Hospital and one borehole each at Beatrice Infectious Diseases and Mpilo Hospitals;
iv) Provision of the much-needed respiratory equipment such as suction machines, nebulizers, oxygen tanks, humidifiers and other related equipment.

First Lady Amai Auxilia Mnangagwa handing over hospital equipment to Deputy Minister of Health and Child Care Dr. J. Mangwiro during the official handover of the refurbished ward at Sally Mugabe Hospital.

Personal Protective Equipment (PPE) handover at Mpilo Hospital.

MATTER Equipment Donation

Hospital Equipment worth US$348,000.00 was sourced from USA based charitable organisation MATTER for free. TelOne funded the shipping at a cost of US$20,400. The donation was sourced to compliment the joint COVID-19 intervention.

World Bank Partnership

As part of supporting the national response to COVID-19, TelOne came up with a further initiative to enhance community information through a public communication campaign. A funding partnership was secured with the World Bank. Total amount funded was US$35,000. Under the campaign, 20 billboards were erected and 20 000 posters with educative messages were distributed around the country.

World Bank supported public communication campaign

Rural Clinics COVID-19 Response Package

As a way of expanding the reach of the COVID-19 support and ensuring that the usually forgotten rural health facilities also get support, a Rural Clinics COVID-19 Response Package comprising of Personal Protective Equipment and other hospital consumables was distributed to 18 clinics in Mutare, Hurungwe, Chinhoyi, Makoni, Bulilima, Matopo and Mwenezi.

Nursing staff receiving COVID-19 response package in Dowa. ↘

Social Welfare

Wheelchairs and blankets donation in Harare.

Charitable Institutional Donations

Donations of blankets, groceries, sanitary pads and exercise books were done to Ethandweni Children's Home in Matopos, Hurungwe Children's Home and Hurungwe Old People's Home in Karoi. A total of 118 children and 13 adults benefitted.

Donations of wheelchairs and groceries to individuals living with disability was continuous throughout the year benefitting 15 individuals.

A donation of 100 blankets was done to people living on the streets.

Assorted groceries donated to children's homes. Besides the consumables, TelOne is working with selected homes for the establishment of sustainable income generating projects.

Prisons Nurseries and Orchards Project

- TelOne has partnered the Zimbabwe Prisons and Correctional Services (ZPCS) to establish ornamental and fruit trees nurseries at prisons. The nurseries are structured as follows:
  i) To be a source of tree seedlings for TelOne tree planting programmes;
  ii) To supply tree seedlings to the market and raise income for the ZPCS and;
  iii) To be a source of seedlings for the prisons orchards projects.

Value for the environment is being instilled in all staff members who each has to plant at least two trees during the tree planting season. Under this programme, 1280 staff members participated planting a total of 2540 ornamental and fruit trees.

Risk Overview

Risk Overview in line with Strategy

TelOne has a business strategic plan in place, well-aligned with the Government of Zimbabwe's National Development Strategy 1 (NDS 1) Vision 2030 Strategy, to support key strides towards digital transformation and providing a robust broadband infrastructure network and shaping the digital future. External and internal environment risk issues continue to characterise the business landscape, requiring the business to proactively predict and forecasts potential risks whilst embracing business opportunities to meet strategic goals.

To attain company objectives, the business has developed a robust risk management framework continuously benchmarked against international standards and under-gird by various lines of defense as follows:

Risk Management Approach

The TelOne Risk Management Framework is in line with the Public Entities Corporate Governance Act and is benchmarked and aligned with best practice.

Risk issues inherent in the business are tracked monthly and ultimately quarterly with key issues cascaded to the Board for risk oversight. This ensures risk issues remain within acceptable levels. The various lines of risk defense ingrained in the business structure include:-

i) Risk Champions;
ii) Regional Risk Management Committees;
iii) Risk Management Committee;
iv) Executive Committees;
v) Board Risk Committee and;
vi) Board of Directors.

TelOne Risk Universe Outlook 2020 -2021

The overall or composite risks affecting strategic objectives in various sections of the business are summarised as below:

Corporate Key Risks Affecting Strategy

Risk type	Threat	Probability	Impact	Management action
COVID-19 Business Continuity	Driven by the impact of the pandemic on productivity risk issues, procurement and supply chain, people & safety risk issues and client service provisioning.	●	●	▪ Review of Business Continuity and Response Action Plans with scheduled resilience tests on mission-critical systems underway; ▪ Special purpose management vehicle tracking all key facets of the business potentially affected by the pandemic with proactive responses; ▪ Refurbishment and establishment of clinics at key TelOne sites to promote timely provision of healthcare.
Liquidity Risk	Capital expenditure foreign currency gap affecting project and infrastructure deployment. Risk issue mainly driven by market wide foreign currency shortages.	●	●	▪ Management exploring the possibility for generating own foreign currency whilst acquisition through the Auction system continues to be pursued; ▪ Business strategic thrust continues to explore alternative that do not require significant foreign currency amounts.
	Business profitability continues to be eroded by legacy debt loans amounting to US$432m acquired in the PTC unbundling era, exposing the balance sheet to exchange rate risk issues.	●	●	▪ Management continues to pursue debt warehousing initiatives in close engagement with the relevant Government Ministries.
	High cost structure of 87% as at 31.12.20 mainly driven by an adverse exchange rate fueling the cost base, coupled with decreased consumer spending potentially affecting the viability & survival of the business.	●	●	▪ The business continues to look at pricing strategies that balance service affordability and business survival; ▪ Pursue increased and timely allocations of foreign currency so as to aggressively reduce foreign obligations.
	The business liquidity position continues to be affected by low revenue collection. The debtors' book amounted to ZW$1.6bn, with 60% concentration risk within government and parastatals & 40% in the rest of the sectors.	●	●	▪ The business continues to anchor its revenue collection on prepaid as a main strategy to reduce default exposure; ▪ Diversification into other sectors and markets to spread the concentration risk.
Reputation Risk Issues	Risk indicated by negative sentiments on social media and a reputation risk index of less than 50%.	●	●	▪ Management has deliberately prioritised client experience related systems as part of reputation recovery efforts; ▪ Chatbot platform "Chommie", launch to improve client responsiveness and attendance to enquiries &complaints; ▪ Continued Digitalisation of end-to-end client experience processes.

Risk Overview (cont.)

Corporate Key Risks Affecting Strategy

Risk type	Threat	Probability	Impact	Management action
Business Disruption	Risk occasioned by third party damages on the network, theft and vandalism of infrastructure and general service link or node failures.	🟡	🔴	▪ Relevant ministry agreement with TelOne in place enabling working guidelines to be observed including wayleave encroachments during construction; ▪ Diversification of routes to increase service uptime and ensuring in the event of link failure traffic is automatically carried through alternative links, ensuring no downtime or revenue loss; ▪ Network fortification and rehabilitation programme coupled with successful lobbying of jail term from 10 to 30 years resulting the current Bill in place, to address theft &vandalism.
Power and Energy Risk Issues	Risk indicated by power outages across the various sites across the business resulting in business disruption.	🔴	🔴	▪ Green Energy Solutions incorporated and prioritised in the 2021 budget; ▪ 20 vendor financed Solar Power projects initiatives underway for deployment.
Industrial Relations	Work stoppage potentially aggravated by uncordial industrial relations with worker representative parties;	🔴	🔴	▪ Unions close engagements and collaboration in business decisions affecting employees; ▪ Welfare programmes in place towards cushioning employees from unstable economic conditions.
Technological Risks	Information security risks indicated by global cyber security threats driven by increased virtual activities due to the impact of COVID-19 globally.	🔴	🔴	▪ Aggressive employee and client awareness programmes to foster a strong information security culture; ▪ Supporting Patch Management System to address vulnerabilities on mission-critical systems.
	Technological innovation related risks characterised by the internet of things (IoT) resulting in dynamic and changing client needs and tastes.	🔴	🔴	▪ TelOne has a robust Innovations Strategy in place incorporating innovative products in line with changing client needs and tastes. This includes the already launched Teltrack Transport Management Solution and Impact Learning with product development of other solutions underway; ▪ Continuous Research and Development to keep track of changing tastes and preferences.
	Digitalisation and Automation Risk Issues potentially resulting in inefficiencies as a result of risks related to process automation;	🔴	🔴	▪ The entity has put in place Digitalisation and Automation Strategy Road-map with significant progress on automation of key business processes including Customer Experience Management and Procurement Process Automation.
Safety, Health and Environment	Risk characterised by safety, health and environment related risk issues to the business.	🟡	🟡	▪ Continuous engagements, awareness and training programmes to ingrain SHE management in day to day business activities; ▪ Incorporation of SHE deliverables in performance contracts across the business.

Special Report: Network Vandalism Awareness 2020 Update

1. Incidents of vandalism and theft of the TelOne telecommunications infrastructure decreased marginally with 261 incidents having been recorded for 2020 compared to 305 for the year 2019 representing a 14% decrease.
2. However, vandalism negatively affected the business resulting in revenue loss of more US$1.2 million and replacement costs of US$1 million.
3. In addition, substantial funds were expended in fighting vandalism that included:
   - Awareness campaigns in the print, electronic media and community engagements;
   - Joint operations with the police and other stakeholders equally affected namely ZESA and NRZ;
   - Deployments of security guards in the affected areas to protect critical network routes;
   - Offering rewards incentives to members of the public for providing information that leads to the arrest and conviction of offenders and;
   - Acquisition of optic fibre to replace copper and wireless solutions that are less prone to vandalism.
4. Overall, 96 suspects were arrested by our teams and brought before the courts for suspected vandalism of the TelOne's copper network. The courts sentenced 13 suspects to the mandatory 10-jail term in terms of the PTC Act. One suspect was handed down a jail term of 30 years while the other 70 years for vandalising the TelOne telecommunications infrastructure.
5. Request made by TelOne for a mandatory jail term of 30 years for those found guilty of vandalising the telecommunications infrastructure was approved by Cabinet and is before Parliament for enactment into law.

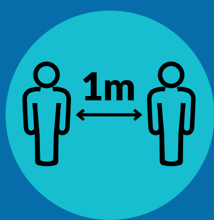
Coronavirus
COVID-19

Together we can
STOP
the spread of
COVID-19

What we can do to stop the spread of COVID-19

Wash your hands thoroughly for at least 20 seconds with soap and running water.

Wear a face mask appropriately when you go into public places.



Always maintain distance of at least 1 metre from each other.

Cough or sneeze into a flexed elbow or tissue. Dispose the used tissue into a closed bin.

Together we can stop the spread of COVID-19.

For information and advice visit **www.mohcc.gov.zw** or
Phone Toll Free: 2019

TelOne
Bringing You Together

#StopTheSpread

Tel•One's public health advice is guided by the Ministry of Health and Childcare and **WHO.**

FINANCIAL STATEMENTS

04

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58. Independent Auditor's report
62. Annual financial statements

Directors' Responsibility Statement

Accounting records and financial statements
The Board of Directors is responsible for the maintenance of adequate accounting records, preparation of financial statements and related information contained in the Integrated Annual Report, ensuring that they fairly present the state of affairs of and results of TelOne's operations.

External Auditor's Role
The company's external auditor, the Office of the Auditor General, is responsible for carrying out an independent examination of financial statements in accordance with International Standards on Auditing and reporting on findings. The external auditor's report is presented on pages 58 to 61 of the Integrated Annual Report.

Systems of internal control
TelOne's systems of internal financial control give reasonable assurance to the reliability of financial statements, safeguard assets and prevent misstatements to financial information.

Going concern
The financial statements have been prepared on a going concern basis despite the company's technical insolvency position. The Going Concern basis has been considered to remain an appropriate reporting basis due to plans that are being pursued to recapitalize the company balance sheet and transform the business. Further, the Directors are aware of Government Guarantees against the company's legacy loan balances. Further disclosure on the company's going concern have been made in note 30 to the financial statements.

Accounting standards and policies
The financial statements were prepared with the aim of complying fully with International Financial Reporting Standards (IFRS). While full compliance with IFRS has been possible in previous reporting periods, only partial compliance has been achieved for 2020. The company could not comply with the requirements to IAS 21 (The Effects of Changes in Foreign Exchange Rates) in determining the functional currency for use in preparing the 2018 financial statements due to the need to comply with Statutory Instrument 33 of 2019 which prescribed parity between the ZW$ and US$. This non compliance with IAS 21 impacted 2020 financial balances which were carried over from 2019. Further, the company could not comply with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) in restating 2018 financial statements due to the need to ensure continued compliance with Statutory Instrument 33 of 2019.

The company has however applied other requirements of IFRS and has consistently applied its policies from the date of the last Integrated Annual Report.

Approval of financial statements
The financial statements were approved by the Board of Directors on 18 June 2021 and are signed on behalf by:

Dr. D. Zimbango
Board Chairman

Mrs. C. Mtasa
Managing Director

Mr. B. T. Makanza
Acting Finance Director

These financial statements have been prepared under the supervision of Acting Finance Director Mr. Bernard Makanza CA(Z).

All communication should be addressed to
"The Auditor-General"
P.O. Box CY 143, Causeway, Harare
Telephone No.: 793611/3/4, 762817/8/20-23
Telegrams: "AUDITOR"
Fax: 706070
E-mail: ocag@auditgen.gov.zw

Reference: SB 54

OFFICE OF THE AUDITOR-GENERAL
5th Floor, Burroughs House
48 George Silundika Avenue
Harare

REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF INFORMATION COMMUNICATION TECHNOLOGY AND POSTAL AND COURIER SERVICES

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE FINANCIAL STATEMENTS FOR

TELONE PRIVATE LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2020

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the accompanying financial statements of TelOne (Pvt) Ltd set out on pages 62 to 94, which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph of my report, the accompanying financial statements present fairly, in all material respects the financial position of TelOne (Pvt) Ltd as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Opening balances translated at an inappropriate exchange rate

The prior year financial statements did not comply with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates", as the Company had been unable to use an appropriate exchange rate on change of functional currency. The Company translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange Control Directive RU 28 of 2019 issued by the Reserve Bank of Zimbabwe.

The Company used January 1, 2019 as the date of change in functional currency and translated its foreign denominated balances to ZW$ at a rate of 1:1 per Statutory Instrument 33 of 2019 which prescribed that all assets and liabilities that were denominated in US$ before 22 February 2019 be deemed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at interbank rate. The Company's inability to assess the appropriateness of using the interbank rate in achieving fair presentation was primarily due to the need to comply with SI 33 and the fact that there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange market. In that regard the Company's 2020 opening balances misstatements have an impact on the current year financial statements.

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of TelOne (Pvt) Ltd in accordance with the ethical requirements that are relevant to my audit of the financial statements in Zimbabwe, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty related to going concern

I draw attention to note 30 in the financial statements which indicates that the Company had an inflation adjusted net liability position of ZW$8,343,926,631 (2019: ZW$27,128,157,338) as at December 31, 2020. Additionally, the entity incurred recurring inflation adjusted before tax losses amounting to ZW$10,267,203 405 (2019:35 034 437 622) in the 2020 financial year. The entity has significant legacy loans and borrowings amounting to ZW$44,066,757,523 (2019: ZW$38,158,355,498) principal plus interest accruals. The fixed-term borrowings approached maturity without realistic prospects of renewal or repayment. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Matter	Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Valuation of trade receivables	The Company's trade receivables amount to ZW$785,291,358. These trade receivables are adjusted for by allowance for credit losses amounting to ZW$339,171,857. **Refer to note 12.** The determination of the allowance for credit losses requires significant management judgment. Accordingly, it was identified as a key audit matter. The accounting policies for allowance for credit losses and trade receivables are disclosed in note 3.8.1.	My audit procedures to address the risk of material misstatement relating to the valuation of trade receivables included: • Obtaining third party confirmations of long outstanding and material trade receivables. • Performing a detailed debtors' analysis to verify accuracy and validity of debtor movements and to identify irregular debtor balances. • Assessing the reasonableness of the judgements and assumptions made in estimating the allowance for credit losses. • Evaluating the appropriateness of the presentation and disclosure of trade receivables in the financial statements for compliance with IFRS. I found the valuation, presentation and disclosure of trade receivables to be appropriate.
Revenue recognition	The entity recognised total revenue amounting to ZW$4,655,140,196. **Refer to note 20.** The Company has various products that cut across internet, voice and data from which it generates revenue. To support these services, the company uses a complex IT based billing system. The huge volume of transactions from numerous revenue streams and the high level of regulation in the Telecoms industry results in revenue recognition being a complex area. The level of complexity and the presumed risk in revenue recognition were considered to be of most significance to the audit. The accounting policies for revenue are disclosed in note 3.10 whilst the other related disclosures are contained in note 20.	The audit procedures to address the risk of material misstatement relating to revenue recognition included: • Testing of data input controls with the assistance of IT specialists. • With assistance of IT specialists, I tested controls over data migration from LEAP billing system to SAP accounting system to ensure accuracy, completeness and integrity of revenue per the accounting system. • Billing data analysis to confirm the accuracy and completeness of usage based revenue. • Testing the validity, accuracy and completeness of revenue in line with the changes to the business conditions and terms. I found no material errors in the computation and recognition of revenue

Report on the Audit of the Financial Statements (cont.)

Matter	Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Valuation of Property, plant and equipment and Investment Property.	The Company held property, plant and equipment with a revalued carrying amount of ZW$31,252,924,492 and Investment Property valued at ZW$83,831,300 as at December 31, 2020. The assets were revalued / fair valued in accordance with IAS 16 and IAS 40. Property, plant and equipment and investment property were revalued by the Company using Professional valuers. Valuations take into account unobservable inputs and therefore requires significant judgement in determining the fair value of the assets. The useful life and residual values are also reviewed annually by management with reference to current, forecast and relevant technical factors. This involves a significant degree of management judgement and assumptions. As a result, valuation of property, plant and equipment and investment property were considered to be a key audit matter.	The audit procedures that I performed to address the risk of material misstatement relating to the valuation of property, plant and equipment and investment property included: • Evaluating the independence and expertise of the valuer used to determine the revalued amounts. • Evaluating the estimates regarding useful lives and residual values of these assets in relation to the Company's historical experience, industry practice and future operating plans. • Evaluating the methodology and assumptions used when performing the valuation. • Inspecting documentary evidence of the state of property, plant and equipment and investment property. Based on evidence gathered, I found the assumptions in relation to useful lives and the revalued carrying amounts of property, plant and equipment and investment property reasonable.

Other information in the Annual Report
The directors are responsible for the other information. The other information comprises all the information in the Company's annual report and does not include the financial statements and my auditor's report thereon.

My opinion on the Company's financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Company's financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.
The Company's management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Companies and Other Business Entities Act [Chapter 24:31] and the Public Finance Management Act [Chapter 22:19], and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
The objectives of my audit 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 to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's and ISSAI's 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.

Report on the Audit of the Financial Statements (cont.)

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' 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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My 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 to cease to continue as a going concern;
- 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I provide those charged with governance with a statement that I have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Postal and Telecommunications Act [Chapter 12:05], the Public Finance Management Act [Chapter 22:19], Companies and Other Business Entities Act [Chapter 24:31] and relevant Statutory Instruments.

18 June, 2021.

M. CHIRI,
AUDITOR – GENERAL.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Notes	Inflation Adjusted Dec 31, 2020 ZW$	Inflation Adjusted Dec 31, 2019 ZW$	Historical Cost Dec 31, 2020 ZW$	Historical Cost Dec 31, 2019 ZW$
ASSETS					
Non-current assets					
Property, plant and equipment	4	31,252,924,492	1,432,482,646	31,252,924,492	319,315,808
Capital work in progress	5	150,574,406	28,821,980	86,710,140	6,424,729
Investment property	7	83,831,300	123,595,070	83,831,300	27,550,672
Intangible assets	8	2,345,732,420	1,155,292,155	1,418,184,297	257,527,063
Right of use assets	10	95,974,177	4,314,087	83,921,205	961,657
Investment in joint venture	9.2	69,346,481	15,634,002	55,617,768	3,484,987
Deferred tax asset	17.2	665,366,295	8,477,311,208	771,016,077	1,889,683,960
Financial assets	9.1	629,757,970	747,437,110	629,757,970	166,611,781
		35,293,507,541	**11,984,888,258**	**34,381,963,249**	**2,671,560,657**
Current assets					
Inventories	11	679,984,675	94,422,311	95,791,030	21,047,750
Assets classified as held-for-sale	6	543,104	579,250	92,975	129,121
Trade and other receivables	12	1,747,464,728	1,364,211,053	1,432,114,596	304,097,335
Current tax asset	17.3	215,733,673	-	215,733,673	-
Security deposits	12.1	217,293,991	349,934,071	217,293,991	78,004,073
Cash and cash equivalents	13	260,798,236	682,189,633	260,798,236	152,067,244
		3,121,818,407	**2,491,336,318**	**2,221,824,501**	**555,345,523**
TOTAL ASSETS		**38,415,325,948**	**14,476,224,576**	**36,603,787,750**	**3,226,906,180**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		144	144	32	32
Financial assets at fair value through other comprehensive income reserve		389,406,600	40,709,032	357,772,050	9,074,482
Revaluation Reserve		22,083,622,122	-	23,212,843,298	-
Retained Income		(30,816,955,497)	(27,168,866,514)	(33,713,792,915)	(6,056,233,095)
		(8,343,926,631)	**(27,128,157,338)**	**(10,143,177,535)**	**(6,047,158,581)**
Non-current liabilities					
Foreign legacy loans	15	35,889,763,925	30,470,157,157	35,889,763,925	6,792,126,158
Foreign long term loans	15	8,176,993,598	7,688,198,341	8,176,993,598	1,713,782,203
Local long term loans	16.1	-	159,455,895	-	35,544,436
Long term payable	18.3	10,090,376	-	10,090,376	-
Deferred income	18.4	15,811,989	138,503,266	3,524,695	30,873,869
Lease liability	10	81,400,487	4,314,087	81,400,487	961,657
		44,174,060,375	**38,460,628,746**	**44,161,773,081**	**8,573,288,323**
Current liabilities					
Trade and other payables	18.1	2,344,318,698	2,746,232,125	2,344,318,698	612,164,714
Loan interest payable	18.2	12,145,254	8,008,767	12,145,254	1,785,240
Local loans due within one year	16.2	65,007,195	267,926,965	65,007,195	59,723,806
Current tax payable	17.3	-	79,249,096	-	17,665,477
Provisions	19	163,721,057	42,336,215	163,721,057	9,437,201
		2,585,192,204	**3,143,753,168**	**2,585,192,204**	**700,776,438**
TOTAL EQUITY AND LIABILITIES		**38,415,325,948**	**14,476,224,576**	**36,603,787,750**	**3,226,906,180**

B. MAKANZA
(Acting Finance Director)
18 June 2021

C. MTASA
(Managing Director)
18 June 2021

D. ZIMBANGO
(Board Chairman)
18 June 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

		Inflation Adjusted		Historical Cost	
	Notes	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
Revenue	20	4,655,140,196	1,859,074,075	3,136,940,855	414,407,631
Payment to other operators	21	(957,618,175)	(501,255,304)	(654,782,582)	(111,735,205)
Net revenue		**3,697,522,021**	**1,357,818,771**	**2,482,158,273**	**302,672,426**
Other income	22	222,543,289	320,411,116	171,095,406	71,422,916
Operating expenses		**(3,249,293,509)**	**(1,019,958,082)**	**(2,025,895,961)**	**(227,359,640)**
Other operating expenses	23	(1,777,379,984)	(617,498,802)	(1,093,475,137)	(137,647,133)
Staff costs	23.1	(1,471,913,525)	(402,459,280)	(932,420,824)	(89,712,507)
Earnings before interest, tax and depreciation and armotisation		**670,771,801**	**658,271,805**	**627,357,718**	**146,735,702**
Depreciation of property,plant and equipment	4	(93,321,379)	(127,017,387)	(33,550,164)	(28,313,543)
Depreciation of investment property	7	-	(80,615)		(17,970)
Fair value adjustment	7	56,280,628	-	56,280,628	-
Depreciation of right of use assets	10	(3,171,296)	(301,214)	(1,550,984)	(67,144)
Amortisation of intangibles	8	(107,409,162)	(81,506,477)	(52,529,562)	(18,168,671)
Operating profit/(loss)		523,150,592	449,366,112	596,007,636	100,168,374
Foreign legacy loans expenses	24.3	(34,733,817,923)	(35,542,086,019)	(34,733,817,923)	(7,922,713,720)
Finance income	24.1	141,354,547	179,956,004	141,354,547	40,114,131
Other finance costs	24.2	(136,327,740)	(82,193,592)	(136,327,740)	(18,321,837)
Monetary gain/(loss)		24,710,528,421	-	-	-
Net exchange movement on payables and receivables	25	(772,091,302)	(39,480,127)	(377,596,440)	(8,800,546)
Loss before tax		**(10,267,203,405)**	**(35,034,437,622)**	**(34,510,379,920)**	**(7,809,553,598)**
Net tax (expense)/ income	17.1	6,619,114,422	8,637,985,558	6,852,820,101	1,925,500,002
Loss for the year		**(3,648,088,983)**	**(26,396,452,064)**	**(27,657,559,819)**	**(5,884,053,596)**
Other comprehensive income					
Impairment of property, plant and equipment	4	-	(11,528,542)	-	(2,569,745)
Deferred tax on impairment of property, plant and equipment		-	2,849,985	-	635,292
Revaluation of property,plant and equipment	4	29,335,311,001	-	30,835,339,131	-
Deferred tax on revaluation gain of property, plant and equipment		(7,251,688,879)	-	(7,622,495,833)	-
Net exchange movement		-	1,265,230	-	282,033
Deferred tax		-	(325,797)	-	(72,624)
Fair value re-measurement gain	9	463,200,807	52,200,855	463,200,807	11,636,133
Deferred tax		(114,503,239)	(13,441,720)	(114,503,239)	(2,996,304)
Total other comprehensive profit		**22,432,319,690**	**31,020,011**	**23,561,540,866**	**6,914,785**
Total Comprehensive Profit/ (Loss) for the year		**18,784,230,707**	**(26,365,432,053)**	**(4,096,018,953)**	**(5,877,138,811)**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

INFLATION ADJUSTED	Share capital ZW$	Revaluation surplus reserve ZW$	Currency translation reserve ZW$	Financial assets at fair value through other comprehensive income ZW$	Retained earnings ZW$	Total Equity ZW$
Balance at January 01, 2019	**144**	**-**	**-**	**1,949,897**	**(854,323,356)**	**(852,373,315)**
Total comprehensive income for the year	**-**	**(8,678,557)**	**939,433**	**38,759,135**	**(26,396,452,064)**	**(26,365,432,053)**
Profit for the year	-	-	-	-	(26,396,452,064)	(26,396,452,064)
Net effect of change in functional currency	-	-	939,433	-	-	939,433
Impairment on Property, Plant & Equipment	-	(8,678,557)	-	-	-	(8,678,557)
Fair value on financial assets classified as FVTOCI	-	-	-	38,759,135	-	38,759,135
Reclassification of reserves	-	8,678,557	(939,433)	-	(7,739,124)	-
Balance at December 31, 2019	**144**	**-**	**-**	**40,709,032**	**(27,258,514,544)**	**(27,217,805,368)**
Balance at January 01, 2020	**144**	**-**	**-**	**40,709,032**	**(27,258,514,544)**	**(27,217,805,368)**
Change in accounting policy (investment property)	-	-	-	-	89,648,030	89,648,030
Restated balances	**144**	**-**	**-**	**40,709,032**	**(27,168,866,514)**	**(27,128,157,338)**
Total comprehensive income for the year	**-**	**22,083,622,122**	**-**	**348,697,568**	**(3,648,088,983)**	**18,784,230,707**
Profit for the year	-	-	-	-	(3,648,088,983)	(3,648,088,983)
Revaluation surplus for the year	-	22,083,622,122	-	-	-	22,083,622,122
Fair value on financial assets classified as FVTOCI	-	-	-	348,697,568	-	348,697,568
Balance at December 31, 2020	**144**	**22,083,622,122**	**-**	**389,406,600**	**(30,816,955,497)**	**(8,343,926,631)**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

HISTORICAL COST	Share capital ZW$	Revaluation surplus reserve ZW$	Currency translation reserve ZW$	Financial assets at fair value through other comprehensive income ZW$	Retained earnings ZW$	Total Equity ZW$
Balance at January 01, 2019	**32**	**-**	**-**	**434,653**	**(190,437,876)**	**(190,003,190)**
Total comprehensive income for the year	**-**	**(1,934,453)**	**209,410**	**8,639,829**	**(5,884,053,596)**	**(5,877,138,811)**
Profit for the year	-	-	-	-	(5,884,053,596)	(5,884,053,596)
Net effect of change in functional currency	-	-	209,410	-	-	209,410
Impairment on Property, Plant & Equipment	-	(1,934,453)	-	-	-	(1,934,453)
Fair value on financial assets classified as FVTOCI	-	-	-	8,639,829	-	8,639,829
Reclassification of reserves	-	1,934,453	(209,410)	-	(1,725,043)	-
Balance at December 31, 2019	**32**	**-**	**-**	**9,074,482**	**(6,076,216,515)**	**(6,067,142,000)**
Balance at January 01, 2020	**32**	**-**	**-**	**9,074,482**	**(6,076,216,515)**	**(6,067,142,000)**
Change in accounting policy (investment property)	-	-	-	-	19,983,419	19,983,419
	32	-	-	9,074,482	(6,056,233,095)	(6,047,158,581)
Total comprehensive income for the year	**-**	**23,212,843,298**	**-**	**348,697,568**	**(27,657,559,819)**	**(4,096,018,953)**
Profit for the year	-	-	-	-	(27,657,559,819)	(27,657,559,819)
Revaluation reserve	-	23,212,843,298	-	-	-	23,212,843,298
Fair value on financial assets classified as FVTOCI	-	-	-	348,697,568	-	348,697,568
Balance at December 31, 2020	**32**	**23,212,843,298**	**-**	**357,772,050**	**(33,713,792,915)**	**(10,143,177,535)**

STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	Note	Inflation Adjusted Dec 31, 2020 ZW$	Inflation Adjusted Dec 31, 2019 ZW$	Historical Dec 31, 2020 ZW$	Historical Dec 31, 2019 ZW$
Cash flows from operating activities					
Operating Profit/(Loss)		523,150,592	449,366,112	596,007,636	100,168,374
Adjustments for:					
Depreciation of property, plant and equipment	4	93,321,379	127,017,387	33,550,164	28,313,543
Depreciation of investment property		-	80,615	-	17,970
Fair value adjustment on investment property	7	(56,280,628)	-	(56,280,628)	-
Depreciation of right of use assets	10	3,171,296	301,214	1,550,984	67,144
Amortisation of intangible assets	8	107,409,162	81,506,477	52,529,562	18,168,671
Provision for staff costs		121,384,842	28,325,783	154,283,856	6,314,122
Payable written off		(20,976,432)	(94,321,932)	(20,976,433)	(21,025,374)
Discount realised on settlement of foreign loan	22	-	(69,119,772)	-	(15,407,541)
Gain/(Loss) on disposal of property, plant and equipment		63,070	(116,124)	32,170	(25,885)
Non-cash other income	22	-	(83,783,363)	-	(18,676,214)
		771,243,281	**439,256,397**	**760,697,311**	**97,914,810**
Changes in working Capital			-		
Increase in inventories		(585,562,364)	(52,588,141)	(74,743,280)	(11,722,463)
Decrease/ (Increase) in receivables		(383,253,676)	(980,595,227)	(1,128,017,262)	(218,585,236)
Increase in payables		401,913,427	1,205,633,110	964,834,276	268,748,603
Cash generated from operations		**204,340,668**	**611,706,139**	**522,771,045**	**136,355,714**
Net cash from operating activities		**204,340,668**	**611,706,139**	**522,771,045**	**136,355,714**
Cash flows from investing activities					
Dividends received from equity instruments designated at FVTOCI	22	16,398,091	21,415,641	5,321,143	4,773,777
Finance income received		8,834,750	6,584,749	8,834,750	1,467,811
Purchase of property, plant and equipment	4	(555,305,569)	(55,763,741)	(126,544,977)	(12,430,338)
Purchase of capital works in progress equipment		(98,535,787)	(26,351,556)	(85,576,100)	(5,874,046)
Investment in Joint Venture	9.2	(53,712,479)	(15,634,001)	(52,132,781)	(3,484,987)
Proceeds from disposal of plant equipment		-	440,478	-	98,187
Proceeds from disposal of spares		7,748,430	238,373	3,717,454	53,136
Intangible asset development expenditure		(108,948,404)	(23,798,557)	(24,285,774)	(5,304,955)
Net cash utilised in investing activities		**(783,520,968)**	**(92,868,614)**	**(270,666,285)**	**(20,701,415)**
Cash flows from financing activities					
Finance costs paid		(111,942,568)	(35,489,235)	(111,942,568)	(7,910,933)
Proceeds from local borrowings		-	321,036,869	-	71,562,577
Repayment of local borrowings		(42,552,499)	(12,866,759)	(31,431,200)	(2,868,139)
Repayment of foreign borrowings		-	(163,923,662)	-	(36,540,350)
Net cash inflow/(outflow) from financing activities		**(154,495,067)**	**108,757,213**	**(143,373,768)**	**24,243,155**
Inflation effects on cash and cash equivalents		312,283,970	-	-	-
Net increase in cash and cash equivalents		**(733,675,367)**	**627,594,738**	**108,730,992**	**139,897,454**
Cash and cash equivalents at beginning of the year		**682,189,633**	**54,594,895**	**152,067,244**	**12,169,790**
Cash and cash equivalents at end of year	13	**260,798,236**	**682,189,633**	**260,798,236**	**152,067,244**

1 NATURE OF BUSINESS AND GENERAL INFORMATION

TelOne (Private) Limited was incorporated in Zimbabwe in 2000 in terms of the Companies and Other Business Act [Chapter 24.31] pursuant to the Postal and Telecommunications Act [Chapter 12:05). The Company is wholly owned by the Government of Zimbabwe. Tel-One is a fixed mobile convergence operator whose principal activities are that of provision of telecommunication services and multimedia services. The Company is registered at the Registrar of Companies under registration number 4658/2000.

The registered offices and address:	Runhare House 107 Kwame Nkrumah Avenue P.O Box CY 331 Harare

2 BASIS OF PREPARATION

2.1 Authorisation of Financial Statements

The financial statements are authorised for issue by the Tel-One Board of Directors and prepared under the supervision of Mr B. Makanza, CA (Z) and have been audited in terms of Section 29(1) of the Companies and Other Business Entities Act (Chapter 24:31).

2.2 Statement of Compliance

2.2.1 Compliance with IFRS

The entity's financial statements have been prepared in accordance with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) except for non-compliance with International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates described in note 2 and International Accounting Standard ("IAS") 29 Financial Reporting in Hyperinflationary Economies, and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as issued by the International Accounting Standards Board ("IASB").

2.2.2 Compliance with Legal and Regulatory requirements

The financial statements have been prepared in compliance with the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

2.3 Going Concern Basis

The Company is in a net liability position of ZW$8. 3 billion on the 2020 financial position after adjustments for inflation. The net liability position is mainly due to the presence of foreign legacy loans which are carried on the company balance sheet amounting to ZW$35.9 billion. The company shareholder, the Government of Zimbabwe has commenced a process to warehouse these foreign loans off the company balance sheet resulting in a healthy net asset position. The Directors have satisfied themselves that the entity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Impact of COVID-19

Management has considered the potential impact of the COVID-19 pandemic in the Company's significant accounting judgements and estimates and there are no changes to the significant judgements and estimates disclosed in the financial statements, other than for those disclosed in this financial report. The entity has taken a number of measures to monitor, minimise and mitigate the adverse impacts of COVID-19, such as safety and health measures for our people (such as social distancing, working from home, testing of employees and regular sanitisation of offices and work stations) and to continue operations. Business continues to function well and uninterrupted. Given the evolving nature of COVID-19, uncertainties will remain. However, the entity is unable to reasonably estimate the future impact of COVID-19.

In conducting the going concern assessment the Directors concluded that that the impact of the COVID-19 pandemic will not have a material adverse effect on the entity's financial condition or liquidity. Therefore, based on the entity's current cash balance and expected yearly cash outflows, the entity expects that it will be able to meet its financial obligations and therefore continues to adopt a going concern assumption as the basis for preparing its annual financial statements.

Further disclosures on appropriateness of the going concern basis are made in note 30 and 31 to these financial statements.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Zimbabwe dollar ("ZW$"), which is the entity's functional and presentation currency. In February 2019, the Government issued Statutory Instrument 33 of 2019 (S133 of 2019) which directed that all assets and liabilities that were denominated in United States dollars (US$) before 22 February 2019 be deemed to have become RTGS dollars at a rate of 1:1 to the US$. The financial reporting and audit guidance on currency considerations under the environment prevailing issued by the Public Accountants and Auditors Board (PAAB) on 21 March 2019 urged preparers of the financial statements to comply with the laws and regulations of the country although this would result in an inability to comply with IAS 21.

The country pronounced the Zimbabwe Dollar as the sole legal tender on 24 June 2019, moving from a multi-currency system that used a basket of foreign currencies as legal tender. The currency included local bond notes, coins and various forms of electronic payment platforms. The pronouncement, however, did not affect the operation of foreign currency designated accounts, known as 'Nostro FCA accounts' which continued to be designated in foreign currencies with which they were opened and were operated. From an IAS 21 perspective, the separation of the ZW$ FCA and Nostro FCA accounts on 1 October 2018 by the RBZ was a strong indicator of a change in functional currency. However, the entity maintained the 1:1 parity between the US$ and the ZW$ for accounting purposes for the period to 22 February 2019 in order to comply with laws of Zimbabwe that did not recognise ZW$ FCA as currency until 22 February 2019 when SI 33 of 2019 was promulgated.

This means that prior year comparative figures are not compliant with IAS 21.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange translation gains or losses are presented on the face of the statement of comprehensive income.

2.5 Consistency of Presentation and Accounting policies

The principal accounting policies applied in the preparation of the entity's annual financial statements are in terms of IFRS and have been applied consistently in all material respects with those of the previous annual financial statements.

The financial statements of the entity comprise the following:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of cash flows for the year ended 31 December 2020;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

2.6 Basis of Measurement

The entity's annual financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and adjusted for the effects of applying IAS29 and are presented in Zimbabwean Dollars (ZW$), except for certain financial instruments that are carried at fair value and property, plant and equipment that are carried under the revaluation model.

2.7 Use of Estimates and Judgements

The preparation of financial statements requires management to make judgments, estimates and formulate assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could require a material adjustment to the carrying amount of the asset or liability in the future. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates and judgements were applied on the following:

i. Useful life of assets, depreciation rates and residual values.
ii. Consumer price index was judged to be the most appropriate index to be applied for inflation accounting.
iii. Allowance for credit losses.
iv. Discount rate to be applied for IFRS 16 purposes.
v. Revaluation of property, plant and equipment.

2.7.1 Revaluation process for items of property plant and equipment

The entity engaged Knight Frank, an accredited independent valuer, to determine the fair value of its property, plant and equipment. The date of the revaluation was 31 December 2020. The desk top assessments were undertaken in accordance with the current edition of the Royal Institute of Chartered Surveyors (RICS) Valuation -Professional Standards 2017 (the "Red Book") which incorporates International Valuation Standards.

All other classes of plant and equipment were valued at market values. However, telecommunication equipment has been assessed on the gross replacement cost and the depreciated replacement cost basis because the assets are not commonly traded on the market such that there would be no market evidence to rely on.

As at the valuation date an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base judgments was faced. In order to reduce valuation uncertainty and increase reliability on the asset values, the entity's management worked closely with Knight Frank in determining significant judgements by providing input on the current condition, status, expected useful life and other technical information (especially on telecommunication plant) of the assets for valuation purposes through internal responsible items of property, plant and equipment.

Location of the property is an unobservable factor taken into account in determining the values. Valuations rely on historical market evidence for calculation inputs including transaction prices for comparable items of property, plant and equipment. Such market evidence does not exist at present to directly calculate Zimbabwean Dollar values for property, plant and equipment items. Therefore, the entity through its valuation expert, have adopted the approach in the meanwhile of converting USD valuation inputs at the Inter-Bank Foreign Exchange Auction Rate as at 31 December 2020 to calculate ZW$ property values.

2.8 Financial Reporting in Hyperinflationary Economies

Hyperinflation on 11 October 2019, the Public Accountants and Auditors Board made a pronouncement on the application of International Accounting Standard IAS 29 "Financial reporting in Hyperinflationary Economies" in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods on or after 1 July 2019 to apply requirements of IAS 29 'Financial reporting in Hyperinflationary economies'. The entity adopted and applied the requirements of IAS 29 with effect from 1 July 2019 and comparatives were also restated accordingly. Monetary items, assets and liabilities; and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. A net monetary loss was recognized in the statement of profit or loss.

Comparative amounts have been restated to reflect the change in the reporting period. Judgement has been applied in the various assumptions used such as the consumer price indices for the various years due to limitation of data available.

The following general price indices and conversion factors were applied:

Date	General Price Index	Conversion factor
31 December 2020	2474.51	1.00
31 December 2019	551.60	4.4861
Average CPI for 12 months to:		
31 December 2020	1579.09	
31 December 2019	64.01	

2.9 New and Revised Financial Reporting Standards implemented during the year

New standards, amendments and interpretations effective January 01 2020, which have been adopted.

i. IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the entity's financial statements.

ii. Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provides a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and /or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments do have no impact on the financial statements of the entity as it does not have any interest rate hedge relationships.

2.10 New Standards, Amendments and Interpretations issued but effective for financial year beginning 01 January 2021 and not yet adopted

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

In January 2020, 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:

- 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

ii. Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19 Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

iii. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment.

iv. IFRS 17 Insurance Contracts

It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts.

The amendments are effective for periods beginning on or after 01 January 2021.

v. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

3 ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2019 except for investment property which is now measured at fair value from the cost model.

3.1 Property, Plant and Equipment

3.1.1 Recognition and measurement

An item of property, plant and equipment is initially recorded at cost and this includes all costs necessary to bring the asset to working condition for its intended use. Cost includes original purchase price, cost of site preparation, delivery and handling, installation, related professional fees for architects and engineers and the estimated cost of dismantling and removing the asset and restoring the site.

Subsequent to initial recognition, IAS 16 provides entities with the option of accounting for its property, plant and equipment using the cost model or the revaluation model. Using the cost model, the asset is carried at cost less accumulated depreciation and impairment whereas using the revaluation model, the asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation of the asset is eliminated against its gross carrying amount. The revaluation model is a fair value based model within the scope of IFRS 13. IAS 16, paragraph 34 still allows an entity to continue with the policy of determining revalued amounts at regular intervals even after adoption of IFRS 13.

The entity is only required to apply IFRS 13 if the fair value of a revalued asset differs materially from its carrying amount. The entity's items of property, plant and equipment is carried at a revalued amount less accumulated depreciation and accumulated impairment losses.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment, and is recognized in the statement of profit or loss and other comprehensive income.

3.1.2 Depreciation

Items of property, plant and equipment are depreciated using the straight-line method, so as to write off the assets over the anticipated useful lives. The depreciation methods, useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date with the effect of any changes in accounting estimate accounted for on a prospective basis. The useful life of the different categories of property, plant and equipment is estimated as follows:

Asset class	Years
Buildings	20-40
Telecommunications plant	5-20
Stores plant	5-10
Fixtures and fittings	5-20
Transport equipment	3-10
Computer equipment	3-5

Subsequent costs are recognized in the statement of profit or loss and other comprehensive income.

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are expensed in the profit and loss account.

3.1.3 Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit or Loss and other Comprehensive Income.

3.2 Intangible Assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the entity. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently they are carried at cost less accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed as either finite or infinite. The entity only has intangible assets with finite useful lives. These assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income from the date it is available for use.

The entity's intangible assets comprise mainly of acquired computer software licenses and Indivisible Rights of Use (IRU), which are capitalized on the basis of the costs incurred to acquire and bring to use the specified software, billing systems and Synchronous Transport Module (STMs). Computer software development costs recognized as assets are amortized over their estimated useful lives as follows:

Intangible Asset	Years
SAP software	5
Leap billing software	5
Indefeasible Rights of Use	20

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

3.3 Investment Property

Investment properties are properties held to earn rentals or for capital appreciation rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is initially measured at cost. The cost includes purchase price and any directly related cost such as (professional or legal charges, property transfer taxes & any other transaction costs). Subsequent to initial recognition, the entity measures investment property at fair value.

Fair values are determined for disclosure purposes in terms of IAS 40 paragraph 32. Fair values are determined based on valuation performed by an accredited independent valuer. Where valuation is not determined by an independent valuer that fact will be disclosed.

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount is recognized in profit or loss in the year of de-recognition.

3.4 Non- Current Assets Held for Sale

Non-current assets held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are carried at the lower of carrying amount and fair value less costs to sell. For an asset to qualify for classification under IFRS 5 it must meet the following conditions:

- asset must be available for immediate sale in its present condition.
- its sale must be highly probable.

Defining a highly probable sale

- Appropriate level of management must be committed to a plan to sell the asset (e.g. recommendation to dispose of specific asset in a board of survey is approved at director level).
- An active programme to locate a buyer and complete the plan must have been initiated (e.g. advertising through appropriate media platforms).
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of qualification (except where circumstances beyond the entity's control prevent this).

When a sale does not take place within a year because of circumstances beyond an entity's control that fact shall be stated. Reclassification can also be done to original class when the decision to sell the asset changes. Reclassification shall be at the carrying amount.

3.5 Impairment of Non-Financial Assets

The company at each reporting date assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing is required the company estimates the recoverable amount. Recoverable amount being the higher of fair value less costs to sell and the value in use of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and that reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss unless the asset is carried at revalued amount. An impairment loss of a revalued amount is treated as a revaluation decrease. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.6 Leases

With effect from 1 January 2019, IFRS 16 replaced IAS 17 and the core principle of IFRS 16 is that the lessee and lessor are required to recognise all rights and obligations arising from leasing arrangements on the statement of financial position. IFRS 16 eliminates the classification of leases for lessees as either operating or finance leases and introduces a single lessee accounting model where a right of use asset together with a lease liability for future payments is recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

TelOne as a lessor

The entity leases out its investment property consisting of its owned commercial property. All leases are classified as operating leases. Lease income from operating leases is recognised in the statement of profit or loss within 'other income' on a straight line basis over the lease term. Lease receivables are recognised within "other receivables" in the statement of financial position.

TelOne as a lessee

The entity recognises a lease liability and a right of use asset on all significant leases. This excludes all leases relating to lower value assets and leases for periods less than 12 months which will be treated as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease. Payments made under the finance leases are deducted from the lease liability. Right of use assets and lease liabilities are presented on the face of the statement of financial position, and the interest charged on lease liability is presented under "Interest expense" in the statement of profit or loss.

3.7 Inventory

Inventories are assets held for sale in the ordinary course of business; or in the process of production for such sale; or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are valued at the lower of cost and net realizable value. Net realizable 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 cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories that the company still carries but which are no longer available on the market are carried at nil value. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. Items accounted for as inventory include installation material, maintenance material and network equipment.

3.8 Trade and Other Receivables

Trade and other receivables are measured at their transaction price initially and subsequently at amortised cost. Trade receivables are composed of an extensive customer base, covering residential, Government, wholesale, local authorities and state owned entities. When a trade receivable is uncollectible, it is written off against the allowance for expected losses. Subsequent recoveries of amounts previously written off are credited in profit or loss.

3.8.1 Allowance for Expected Credit Losses

The company has a credit policy that is applied to all categories of trade receivables. Summary of the credit policy is as follows:

TelOne Credit Policy

The major impact of the application of IFRS 9 is on trade and other receivables. IFRS 9 stipulates three approaches to calculating expected credit losses i.e. the General Approach, the Simplified Approach and the Credit Impaired Approach.

- TelOne adopted the simplified approach as this is the approach specifically designated for trade receivables or contract assets that arise from transactions that are within the scope of IFRS 15 (paragraph 5.5.15).
- TelOne has a large number of trade receivables (most of them with small balances) and it would be difficult to obtain/monitor forward-looking credit information on each customer hence the company has applied the portfolio basis when assessing changes in credit risk of its customers.
- Seven markets within the company's trade receivables portfolio have been identified as Portfolios as follows:

1. Corporates
2. Government
3. Wholesale
4. Local authorities
5. State owned Entities
6. Residential
7. Internet Service Providers (ISP)

- The portfolios have been identified on the basis of their shared characteristics (particularly payment patterns) and also that these markets are already demarcated as such in our books for reporting purposes.
- In calculating the expected credit loss for each portfolio of trade receivables, a default rate for the given portfolio is determined on the basis of the value of trade receivables accounts in default for a particular period divided by the total value of trade receivables. Customers/Accounts that are in default are those who have not paid their accounts for at least a period of twelve months.
- Adjustments are made to the default rate in order to take into account reasonable and supportable forecasts affecting collectability. The forecasts may be external e.g. macro-economic conditions or may be portfolio specific.
- The default rates adjusted in line with forward looking information are then applied on the total value of receivables for the particular market to come up with expected credit losses.

3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. Financial assets and financial liabilities are recognized when the company becomes party to the contractual provisions of the instrument.

3.9.1 Financial Assets

Financial assets are classified on the basis of both:

i. The business model for managing the financial assets and
ii. The contractual cash flow characteristics of the financial asset.

The Business Model Test

The Business Model Test considers the objective/motive of an entity in holding a financial asset as follows:

- is the objective of the entity's business model to hold the financial asset in order to collect contractual cash flows or,
- is the financial asset held to achieve an objective of both collecting contractual cash flows and to sell.

Initially all financial instruments are measured at fair value plus transaction costs (or minus transaction costs in the case of a financial asset/liability.

On subsequent measurement, IFRS 9 classifies financial assets according to categories that reflect the measurement basis (i.e. measurement determines the category), namely:

- amortised cost
- fair value through other comprehensive income
- fair value through profit or loss.

The critical issues that are considered in determining the class of a financial asset on subsequent measurement is the Business Model Test and the Cash flow Characteristic Test.

The Cash flow Characteristics Test (also known as the SPPI test).

This test considers the characteristics of the cash flows of the financial asset whether they are 'solely payments of principal and interest (SPPI).

This test considers the characteristics of the cash flows of the financial asset whether they are 'solely payments of principal and interest (SPPI).

Financial assets are classified initially as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are measured at amortized cost if:
- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets shall be measured at fair value through other comprehensive income if both conditions stated below are met
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

An entity can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial instruments carried in the Statement of Financial Position comprise cash and cash equivalents, trade and other receivables, trade and other payables debentures, equity instruments and amounts owing to and from related parties. These instruments are measured initially at fair value, for instruments not at fair value through profit or loss and directly attributable costs.

3.9.2 Financial Liabilities

Financial liabilities are classified as subsequently measured at amortized cost except for those financial liabilities at fair value through profit or loss. At initial recognition an irrevocable election can be made to designate a financial liability as measured at fair value through profit or loss for hybrid contracts or when doing so results in more relevant information. Financial liabilities of the company include trade and other payables and loans.

3.9.3 Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized when the company has a present obligation, legal or constructive, as a result of past event. It should be 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 the obligation shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the obligation. The discount rate applied shall be a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

3.10 Revenue

Revenue is recognized when the following criteria are met:
- The parties to the contract have approved the contract whether in writing, orally or in accordance with other customary business practices and are committed to perform their respective obligations.
- The entity can identify each other's rights regarding the goods or services to be transferred.
- The entity can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance.
- It is probable that the entity will collect consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer.
- Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognized by applying the 5 step model of IFRS 15 as follows:
Step 1: Identify the contract with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is from the provision of telecommunication services, rental, sale and repair of telecommunication equipment. The company provides five broad categories of goods and services:
- Voice;
- Broadband;
- Satellite;
- Centre for Learning Services and;
- Sale of accessories and client premise equipment.

3.10.1 Voice

The company provides voice telephone services. Revenue includes installation fees for first time service, monthly rentals and usage charges. The service can be prepaid or postpaid. For the postpaid service billing is done monthly and revenue is recognized when the client is billed. For the prepaid service revenue is based on actual usage or upon expiration of the usage period. Installation fees revenue is recognized on date of connection to our service. Monthly rentals are recognized as revenue as the clients are provided access to network based on the agreed fixed charges.

3.10.2 Broadband

The company provides leased circuits services. The service is a data service. Revenue includes installation fees and rental fees for the data services. The service is postpaid and revenue is recognized on accrual basis that is when the client is billed at the end of each month. The company also provides internet services in the form of broadband services. The company provides broadband connectivity through Asymmetric Digital Subscriber Line (ADSL) and Fibre to the Home/Premise (FTTH).

3.10.3 Satellite

The company offers satellite services that can deliver voice, data and video services. The service can also provide broadband via satellite through the Ka Band VSAT. Satellite services are postpaid and revenue is recognized on accrual basis that is when the client is billed at the end of each month.

3.10.4 Other Income

This is income from non-core activities for the business that is it is income from the sale of goods and services that are non-telecommunication. Income from the sale of goods is recognized when the performance obligations under the contract have been satisfied. Income from services rendered is recognized by reference to the stage of completion of the transaction at the reporting date. Other income also includes income from the rental of properties and income from training services.

3.10.5 Finance Income

This is income earned from financial assets, money market placements and accounts at financial institutions. As a way of encouraging customers to settle all current bills on time interest is now being levied on all overdue accounts in line with the client service contracts.

3.10.6 Deferred Revenue

Revenue is deferred when revenue has not yet been earned. The company has deferred income arising from loan and debt forgiveness agreements which are conditional. Revenue is deferred over the period of condition. Revenue is realized as the condition is met and through profit and loss.

3.11 Taxation

3.11.1 Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or to be paid to the tax authorities. The tax rates and tax laws used to compute the tax amount are those that are enacted or substantially enacted at the reporting date. Current income tax relating to items recognized directly in equity shall also be recognized in equity and not in the statement of comprehensive income. Current tax for current and prior periods shall to the extent unpaid be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset.

3.11.2 Deferred tax

Deferred tax is provided using the financial position approach on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liability is recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits. Deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carry forward of unused tax losses and unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled based on tax rates and tax laws that are enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current liabilities and deferred taxes relate to the same taxable authority.

3.11.3 Value Added Tax (VAT)

Expenses and assets are recorded net of amount of VAT except when the VAT incurred on the purchase of assets or services is not recoverable from tax authorities, in which case, the tax is recognized as part of the expenses items as applicable. All receivables and payables are stated with the amount of Value Added Tax included. The company remits output VAT to the Revenue authority on a cash basis.

3.12 Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

3.12.1 Short Term Employee Benefits

Employee benefits other than termination benefits that are expected to be settled wholly before twelve months after the year end of the annual reporting period in which the employees render the related service. The short term benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. When an employee has rendered service during an accounting period the entity shall recognize the undiscounted amount of the short term benefits expected to be paid in exchange for that service as an expense or as a liability (accrued expense).

3.12.2 Post-employment Benefits

Employee benefits other than termination benefits and short term benefits that are payable after the completion of service. They comprise retirement benefits provided through a Defined Benefit Plan administered by the Communication and Allied Industries Pension Fund, a multi-employer plan. The company also contributes to National Social Security Authority. When an employee has rendered service during an accounting period the entity shall recognize the contribution payable to a defined contribution plan as an expense or as a liability (accrued expense).

3.12.3 Termination Benefits

Employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The company recognizes a liability and expense at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes costs for restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. Termination benefits are measured according to the terms of the termination contract.

3.13 Fair Value Measurement

The company measures financial instruments such as financial assets at fair value through other comprehensive income at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the absence of a principal market in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the company. The fair value of the asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation techniques that are used are those that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3.14 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are engaged for the valuation of significant assets like property, plant and equipment and investment property. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The valuation of investment property and property plant and equipment involves the use of unobservable market inputs.

The following table analyses within the fair value hierarchy the entity's assets and liabilities (by class) measured at fair value at 31 December 2020. All fair value measurements disclosed are recurring fair value measurements.

ASSET	LEVEL 1 ZW$	LEVEL 2 ZW$	LEVEL 3 ZW$	TOTAL ZW$
Financial assets (FVPL)				
ZB shares	23,586,892	-	-	23,586,892
Financial assets (FVOCI)				
WIOCC shares	-	-	606,159,794	606,159,794
Tetrad shares	-	-	11,284	11,284
Investment property	-	-	83,831,300	83,831,300
Property, plant and equipment	-	-	31,252,924,492	31,252,924,492
TOTAL	**23,586,892**	**-**	**31,942,926,870**	**31,966,513,762**

3.15 Foreign Currency Transactions

The company's presentation currency is the Zimbabwe Dollar (ZW$). The functional currency is also the Zimbabwe Dollar (ZW$). Foreign currency transactions are recorded on initial recognition in the functional currency 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 period. At each reporting date monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value shall be translated using the exchange rates at the date when the fair value was measured.

3.16 Government Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants including non-monetary grants at fair value shall not be recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no related costs shall be recognized in profit or loss of the period in which it becomes receivable. Grants related to income are presented as part of profit or loss. Grants related to assets shall be presented in the Statement of Financial Position as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

3.17 Current and Non-Current Classification

The company presents assets and liabilities in the statement of financial position using the current and non-current classification.

An asset is current when:

- it is expected to be realized or intended to be sold or consumed in the normal operating cycle or
- held primarily for the purpose of trade.
- expected to be realized within twelve months after the reporting period.
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The company classifies all other assets that do not meet the above definition as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle.
- it is held primarily for the purpose of trading.
- it is due to be settled within twelve months after the reporting period.
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities that do not meet the above definition as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

3.18 Events after the Reporting Period

Events after the reporting period favorable and unfavorable that occur between the end of the reporting period and the date when the financial statements are authorized for issue. They can be either adjusting events after the reporting period that is those that provide evidence of conditions that existed at the end of the reporting period or adjusting events after the reporting period that is those that are indicative of conditions that arose after the reporting period. An entity shall adjust the amounts recognized in its financial statements to reflect the adjusting events after the reporting date. No adjustments shall be done in the financial statements to reflect the non-adjusting events after the reporting date. Material events after the reporting period shall be disclosed stating the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Property, Plant and Equipment - Inflation Adjusted

	Land and Buildings ZW$	Telecoms Plant ZW$	Stores Plant ZW$	Fixtures and Fittings ZW$	Computer Equipment ZW$	Transport Equipment ZW$	Total Dec 31, 2020 ZW$	Total Dec 31, 2019 ZW$
Opening carrying amount	**268,047,772**	**1,106,909,719**	**1,257,663**	**11,659,621**	**22,038,115**	**22,569,756**	**1,432,482,646**	**1,462,947,819**
Gross carrying amount	327,382,667	1,437,934,280	3,829,786	19,235,942	29,582,323	49,540,668	1,867,505,665	1,779,395,419
Accumulated depreciation	(59,334,895)	(331,024,561)	(2,572,123)	(7,576,321)	(7,544,208)	(26,970,912)	(435,023,019)	(316,447,600)
Additions	26,253,306	195,120,522	-	18,009,644	159,501,991	156,420,106	555,305,569	55,763,741
Equipment donated	-	-	-	-	-	-	-	46,147,164
Revaluation surplus	5,558,775,641	22,537,426,685	34,457,577	251,448,969	541,089,524	412,112,605	29,335,311,001	-
Reclassification from Capital Works in Progress (Note 5)	-	23,216,639	-	-	-	-	23,216,639	6,494,204
Impairment of assets	-	-	-	-	-	-	-	(11,528,542)
Gross carrying amount of assets impaired	-	-	-		-	-	-	(19,437,441)
Accumulated depreciation of assets impaired	-	-	-	-	-		-	7,908,899
Carrying amount of disposed items	-	-	-	-	-	(69,985)	(69,985)	(324,353)
Deemed cost	-	-	-	-	-	(323,106)	(323,106)	(857,422)
Accumulated depreciation	-	-	-	-	-	253,121	253,121	533,069
Depreciation charge for the year	(12,749,306)	(53,865,518)	(155,251)	(1,013,403)	(10,229,686)	(15,308,215)	(93,321,379)	(127,017,387)
Closing carrying amount	**5,840,327,413**	**23,808,808,048**	**35,559,989**	**280,104,831**	**712,399,944**	**575,724,267**	**31,252,924,492**	**1,432,482,646**
Gross carrying amount	5,912,411,614	24,193,698,126	38,287,363	288,694,555	730,173,838	617,750,273	31,781,015,769	1,867,505,665
Accumulated depreciation	(72,084,201)	(384,890,078)	(2,727,374)	(8,589,724)	(17,773,894)	(42,026,006)	(528,091,277)	(435,023,019)

4.2 Property, Plant and Equipment - Historical

	Land and Buildings ZW$	Telecoms Plant ZW$	Stores Plant ZW$	Fixtures and Fittings ZW$	Computer Equipment ZW$	Transport Equipment ZW$	Total Dec 31, 2020 ZW$	Total Dec 31, 2019 ZW$
Opening carrying amount	**59,748,347**	**246,744,366**	**280,350**	**2,599,079**	**4,912,578**	**5,031,088**	**319,315,808**	**326,109,822**
Gross carrying amount	72,974,596	320,533,984	853,709	4,287,938	6,594,279	11,043,250	416,287,755	396,650,049
Accumulated depreciation	(13,226,249)	(73,789,618)	(573,359)	(1,688,859)	(1,681,701)	(6,012,162)	(96,971,947)	(70,540,227)
Additions	5,982,695	44,464,748	-	4,104,101	36,347,872	35,645,561	126,544,977	12,430,338
Equipment donated	-	-	-	-	-	-	-	10,283,610
Revaluation surplus	5,778,456,132	23,535,135,990	35,354,783	273,922,614	674,731,670	537,737,941	30,835,339,130	-
Reclassification from Capital Works in Progress (Note 5)	-	5,290,688	-	-	-	-	5,290,688	1,447,628
Impairment of assets	-	-	-	-	-	-	-	(2,569,745)
Gross carrying amount of assets impaired		-	-		-	-	-	(4,332,740)
Accumulated depreciation of assets impaired		-	-	-	-		-	1,762,995
							-	-
Carrying amount of disposed items	-	-	-	-	-	(15,948)	(15,948)	(72,302)
Deemed cost	-	-	-	-	-	(73,630)	(73,630)	(191,130)
Accumulated depreciation	-	-	-	-	-	57,682	57,682	118,828
Depreciation charge for the year	(3,859,761)	(22,827,744)	(75,144)	(520,963)	(3,592,177)	(2,674,375)	(33,550,164)	(28,313,543)
Closing carrying amount	**5,840,327,413**	**23,808,808,048**	**35,559,989**	**280,104,831**	**712,399,944**	**575,724,267**	**31,252,924,492**	**319,315,808**
Gross carrying amount	5,857,413,423	23,905,425,410	36,208,492	282,314,653	717,673,821	584,353,122	31,383,388,920	416,287,755
Accumulated depreciation	(17,086,010)	(96,617,362)	(648,503)	(2,209,822)	(5,273,877)	(8,628,855)	(130,464,428)	(96,971,947)

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
5 CAPITAL WORKS IN PROGRESS				
Opening carrying amount	**28,821,980**	**8,964,629**	**6,424,728**	**1,998,311**
Additions	98,535,787	26,351,555	85,576,100	5,874,046
Reclassification - property, plant and equipment	23,216,639	(6,494,204)	(5,290,688)	(1,447,628)
Closing carrying amount	**150,574,406**	**28,821,980**	**86,710,140**	**6,424,729**

TelOne completed projects to modernise the telecommunications network which have been transferred to Property, Plant and Equipment.

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
6 ASSETS CLASSIFIED AS HELD FOR SALE				
Opening carrying amount	**579,250**	**589,344**	**129,121**	**131,371**
Disposals	(36,146)	(10,094)	(36,146)	(2,250)
Closing carrying amount	**543,104**	**579,250**	**92,975**	**129,121**

Assets transfered to non-current assets held for sale constitute of residential properties in Chiredzi which are occupied by former TelOne employees. The standard requires that the sale of the assets should be completed within a year. However, circumstances beyond the entity's control have made the sale to go beyond a year. The entity remains committed to its plan to sell the assets. Agreements of sale have since been signed with most of the tenants. The company's legal department has been engaging the tenants and their legal representatives to conclude the agreements. The houses will remain classified as non-current held for sale as there are reasonable prospects the houses will be sold during the year 2021.

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
7 INVESTMENT PROPERTY				
Opening balance	**123,595,070**	**8,425,744**	**27,550,672**	**1,878,189**
Effects of inflation	(96,044,398)	-	-	-
Fair value adjustment	56,280,628	115,169,326	56,280,628	25,672,483
Closing balance	**83,831,300**	**123,595,070**	**83,831,300**	**27,550,672**

The investment property portfolio has commercial property (Memorial Building) leased to third parties and commercial land. Leases have varied running periods and all renewals are negotiated with the lessee. Contingent rentals are chargeable for all the tenants equivalent to the monthly rental charge. Owner occupancy is less than 20% of the total leasable area for all the buildings classified as investment property.

7.1 Change in accounting policy

Measurement of investment property was changed from cost model to the fair value model in 2020. The change provides a more reliable and relevant information on the valuation of investment property. The opening balances as at 1 January 2019 and the financial statements for the 2019 financial year have been restated. The effect of the restatement of those financial statement is summarised below:

	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
Increase (decrease) in fair value gain	56,280,628	25,672,483
Taxation	(13,912,571)	(6,346,238)
Increase/ (decrease) in profit	**42,368,057**	**19,326,245**
Increase/ (decrease) in investment property	56,280,628	25,672,483
Deferred tax	(13,912,571)	(6,346,238)
Increase in equity	**42,368,057**	**19,326,245**
Increase in retained earnings at the beginning of 2019		**657,174**

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
Operating leases				
Included in the statement of profit or loss and other comprehensive income is the following rental income and expenses:				
Rental income	38,082,837	8,678,450	12,545,571	1,934,520
Operating expenses that generated rental income	(15,796,476)	(3,599,756)	(802,424)	(802,424)
Net rental income	**22,286,361**	**5,078,694**	**11,743,147**	**1,132,096**
Future rental income				
Up to 1 year	56,280,687	8,678,450	12,545,571	1,934,520
Over 1 year; less than 5 years	225,122,746	34,713,801	50,182,284	7,738,080
Over 5 years	281,403,433	43,392,251	62,727,856	9,672,600
Total expected receipts	**562,806,866**	**86,784,502**	**125,455,711**	**19,345,200**
8 INTANGIBLE ASSETS				
Opening carrying amount	**1,155,292,155**	**119,397,393**	**257,527,063**	**26,614,965**
Gross carrying amount	1,304,790,041	187,388,802	290,851,752	41,770,982
Accumulated amortisation	(149,497,886)	(67,991,409)	(33,324,689)	(15,156,017)
Additions: billing software	108,948,404	23,798,557	24,285,774	5,304,955
Donation: LTE Software	-	37,702,511	-	8,404,296
Reclassification	-	-	-	-
Exchange movement on indefeasable right of use asset	1,188,901,023	1,055,900,171	1,188,901,023	235,371,518
Amortisation for the year	(107,409,162)	(81,506,477)	(52,529,562)	(18,168,671)
Closing carrying amount	**2,345,732,420**	**1,155,292,155**	**1,418,184,297**	**257,527,063**
9 FINANCIAL ASSETS				
9.1 Financial assets at fair value through other comprehensive income				
Opening balance	747,437,110	9,082,845	166,611,781	2,024,664
ZB shares	3,174,392	1,741,505	707,622	388,200
WIOCC shares	743,967,088	7,045,710	165,838,260	1,570,565
Cairns debentures	245,007	245,007	54,615	54,615
Tetrad shares	50,623	50,623	11,284	11,284
Redeemed	(54,615)	-	(54,615)	-
Currency change	-	-	-	152,950,984
Fair value adjustment	463,200,807	738,354,265	463,200,807	11,636,133
Effects of inflation	(580,825,332)	-	-	-
Closing balance	**629,757,970**	**747,437,110**	**629,757,970**	**166,611,781**

Financial instruments include shares in ZB Holdings, an entity listed with the Zimbabwe Stock Exchange, shares in the West Indian Ocean Cable Company, Tetrad shares and Cairns Debentures. Investments in the equity instruments are measured at fair value through other comprehensive income.

WIOCC shares are measured at fair value using level 3 inputs in accordance with the fair value hierarchy. The fair value movements are recorded in other comprehensive income. ZB shares are measured at fair value using level 1 inputs , the market value as per the Zimbabwe Stock Exchange values is applied.

9.2 Investment in Joint Operation

TelOne entered into a joint arrangement with the Government of Zimbabwe and Inspur of China for the manufacture of Information Communication Technology (ICT) gadgets at the TelOne factory in Msasa Harare. TelOne owns 30% of the joint venture company, Zimbabwe Information Technology Company (ZITCO), through a wholly owned subsidiary company Telecommunication Infrastructure and Gadgets Company (TIG). TIG does not have active operations other than the ownership of the stake in the joint venture. The value of TelOne's investment in the joint venture is its contribution to the operations of ZITCO. The parties to the joint arrangement had not finalized the terms of the shareholding agreement as at 31 December 2020. The investment in ZITCO is accounted for using IAS 28 principles.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 December 2020

9 FINANCIAL ASSETS (CONT.)

9.2 Investment in Joint Operation (cont.)

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
ZITCO INVESTMENT				
Opening balance	15,634,002	-	3,484,987	-
Additions	53,712,479	15,634,002	52,132,781	3,484,987
Closing balance	**69,346,481**	**15,634,002**	**55,617,768**	**3,484,987**

	Inflation Adjusted			Historical		
	Runhare House ZW$	Msasa Factory ZW$	Total ZW$	Runhare House ZW$	Msasa Factory ZW$	Total ZW$
10 RIGHT OF USE ASSETS						
Opening carrying amount 01/01/2019	**2,137,551**	**2,477,750**	**4,615,301**	**476,483**	**552,318**	**1,028,801**
Depreciation charge	(53,438)	(247,776)	(301,214)	(11,912)	(55,232)	(67,144)
Carrying amount 31/12/2019	**2,084,113**	**2,229,974**	**4,314,087**	**464,571**	**497,086**	**961,657**
Opening carrying amount 01/01/2020	**2,084,113**	**2,229,974**	**4,314,087**	**464,571**	**497,086**	**961,657**
Remeasurement adjustment	66,784,756	28,046,630	94,831,386	59,516,322	24,994,210	84,510,532
Carrying amount after remeasurement 30/09/2021	**68,868,869**	**30,276,604**	**99,145,473**	**59,980,893**	**25,491,296**	**85,472,189**
Depreciation charge 2020	(1,066,460)	(2,104,836)	(3,171,296)	(521,573)	(1,029,411)	(1,550,984)
Carrying amount 31/12/2020	**67,802,409**	**28,171,768**	**95,974,177**	**59,459,320**	**24,461,885**	**83,921,205**
Lease liabilty-2020						
Current	57,008,277	24,238,093	81,246,370	57,008,277	24,238,093	81,246,370
Non-current	4,833	149,284	154,117	4,833	149,284	154,117
	57,013,110	**24,387,377**	**81,400,487**	**57,013,110**	**24,387,377**	**81,400,487**

Right of use assets include leases of Runhare House and Msasa Factory. The buildings are leased from the Communication and Allied Industries Pension Fund.

	Inflation Adjusted		Historical	
	Dec 31,2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
11 INVENTORIES				
Manufacturing	49,680,244	11,383,218	6,998,572	2,537,442
Telecoms	409,048,842	47,251,101	57,623,665	10,532,779
Transport	159,919,081	10,592,743	22,528,174	2,361,237
General	61,336,508	25,195,249	8,640,619	5,616,292
	679,984,675	**94,422,311**	**95,791,030**	**21,047,750**

Inventories are carried at the lower of cost and net realisable values. All inventories are expected to be consumed within 12 months.

	Inflation Adjusted		Historical	
	Dec 31,2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
12 TRADE AND OTHER RECEIVABLES				
Trade receivables	1,124,463,215	1,777,297,477	1,124,463,215	396,178,747
Allowance for credit losses	(339,171,857)	(606,315,803)	(339,171,857)	(135,154,322)
Net trade receivables	**785,291,358**	**1,170,981,674**	**785,291,358**	**261,024,425**
Other receivables	950,993,347	165,602,717	635,643,215	36,914,629
Centre for learning receivables	4,060,767	10,990,445	4,060,767	2,449,889
Real estate receivables	4,902,518	6,691,709	4,902,518	1,491,654
IDBZ receivables	2,216,738	9,944,508	2,216,738	2,216,738
	1,747,464,728	**1,364,211,053**	**1,432,114,596**	**304,097,335**

		Inflation Adjusted		Historical	
		Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
12.1	**Security deposits**				
	Stanbic Escrow	59,612,836	129,918,752	59,612,836	28,960,289
	China Exim Escrow	157,681,155	220,015,319	157,681,155	49,043,784
		217,293,991	**349,934,071**	**217,293,991**	**78,004,073**

Restricted funds in Stanbic Escrow Account and The Debt Service Reserve Accounts are classified as such since they are not accessible for the company's use in the short term and are pledged as security for the China Exim Bank loan.

		Inflation Adjusted		Historical	
		Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
12.2	**Provision for impairment trade receivables**				
	At January 1	606,315,803	548,687,233	135,154,321	122,308,293
	Charge for the year	204,017,536	57,628,570	204,017,536	12,846,029
	Effects of inflation	(471,161,482)	-	-	-
	As at December 31	**339,171,857**	**606,315,803**	**339,171,857**	**135,154,322**
13	**CASH AND CASH EQUIVALENTS**				
	Bank and cash balances	260,798,236	682,189,633	260,798,236	152,067,244
	Short term money market investments	-	-	-	-
		260,798,236	**682,189,633**	**260,798,236**	**152,067,244**
14	**AUTHORISED SHARE CAPITAL**				
	Authorized share capital				
	32 000 ordinary shares of $0.001	144	144	32	32
		144	**144**	**32**	**32**
	Issued and fully paid				
	32 000 ordinary shares of $0.001 each	144	144	32	32
		144	**144**	**32**	**32**

The issued shares are held by nominees on behalf of the Government of Zimbabwe.

15. FOREIGN LEGACY LOANS AS AT 31 DECEMBER 2020

NAME OF LOAN	PROJECT	INTER EST RATE %	CURR ENCY	TOTAL DRAWDOWN FOREIGN CURRENCY ZW$	PRINCIPAL OUTSTANDING DEC 31, 2019 ZW$	INTEREST AS AT DEC 31, 2019 ZW$	OVERDUE CHARGES DEC 31, 2019 ZW$
AFRICAN DEVELOPMENT BANK (ADB 11)	2TELECOMMUNICATIONS 11	7.45%	US	UA26,378,360.05	585,319,806	906,883,976	1,782,392
BANQUE NATIONALE DE PARIS (BNP)	WIRELESS LOCAL SYSTEM	7.68%	EURO	FRF 61,464,391.00	119,058,900	23,537,778	480,680,838
EKSPORTFINANS	EXTENSION OF MUTARE	8.30%	NOK	NOK 41,211400.00	27,448,589	4,556,466	223,595,104
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 1 PORTION 1	HARARE UNIT 5 EXCHANGE	0.75%	EURO	DM 10,500,000.00	89,954,838	13,494,047	26,840,899
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 11 PORTION 1	HARARE WESTERN SATELITE EXCHANGE	2.00%	EURO	DM 15,000,000.00	111,946,518	44,784,827	60,764,407
KREDITANSTALT FUR WIEDERAUFBAU (KFW) 111	TELEPRINTERS SOUTHERTON EXCHANGE	4.50%	EURO	DM 12,000,000.00	98,529,248	39,416,663	50,314,861
KREDITANSTALT FUR WIEDERAUFBAU (KFW) V PORTION 1	RURAL TELECOM	0.75%	EURO	DM 13,000,000.00	132,541,413	19,881,213	29,874,274
PORTION 11	MATEBELELAND	2.00%	EURO	DM 6,738,304.00	78,963,322	31,304,148	30,317,850
OVERSEAS ECONOMIC CO-OPERATION FUND (OECF) III	MATEBELELAND DIGITALISATION	3.00%	YEN	YEN9,189,121,756.00	1,418,484,461	501,404,633	911,790,797
OVERSEAS ECONOMIC CO-OPERATION FUND (OECF) IV	DIGITAL TRANS SYSTEMS	2.60%	YEN	YEN 269,382,754.00	41,583,435	14,813,030	21,614,664
OVERSEAS ECONOMIC CO-OPERATION FUND (OECF) V	MASH & MANICALAND DIGITALISATION	2.30%	YEN	YEN 1,744,969,851.00	269,363,350	87,656,966	115,873,915
EXIMBANK OF JAPAN (SUMITOMO 11)	2ND MAZOE EARTH STATION	6.00%	YEN	YEN 934,718,650.00	62,856,558	7,791,575	107,100,395
TOTAL BEFORE CHINA EXIM				**TOTAL LEGACY LOANS**	-	-	-
CHINA EXIM BANK	NATIONAL BROADBAND PROJECT	5.00%	US	US$ 92,986,559	1,713,782,203	-	-
TOTAL FOREIGN LEGACY LOANS					**4,749,832,642**	**1,695,525,322**	**2,060,550,396**

CLOSING BALANCE DEC 31, 2019 ZW$	ADDITIONS AS AT DEC 31, 2020 ZW$	FLUCTUATION AS AT DEC 31, 2020 ZW$	ADJUSTMENT AS AT DEC 31, 2020 ZW$	MOVEMENTS AS AT DEC 31, 2020 ZW$	PAYMENTS AS AT DEC 31, 2020 ZW$	PRINCIPAL OUTSTANDING DEC 31, 2020 ZW$	INTEREST AS AT DEC 31, 2020 ZW$	OVERDUE CHARGES DEC 31, 2020 ZW$	CLOSING BALANCE DEC 31, 2020 ZW$
1,493,986,174	-	-	2,227,119,402	-	-	2,812,439,208	3,450,658,728	6,781,931.56	7,178,546,235
623,277,515	-	-	490,386,176	-	-	609,445,076	96,948,660	2,243,991,018	3,454,603,369
255,600,159	-	-	112,762,005	-	-	140,210,594	18,718,493	1,076,705,717	1,463,786,373
130,289,784	-	-	370,510,806	-	-	460,465,644	59,033,497	121,849,543	681,683,630
217,495,752	-	-	461,091,316	-	-	573,037,834	195,922,904	273,627,879	1,148,137,851
188,260,771	-	-	405,827,545	-	-	504,356,793	172,438,599	226,714,751	993,241,667
182,296,900	-	-	545,918,676	-	-	678,460,090	86,976,253	137,540,386	952,732,215
140,585,320	-	-	325,238,364	-	-	404,201,686	137,021,237	137,113,668	739,958,589
2,831,679,893	-	-	5,977,484,513	-	-	7,395,968,974	2,153,629,433	4,372,613,288	15,335,407,125
78,011,130	-	-	175,232,333	-	-	216,815,768	63,869,357	104,522,082	421,634,901
472,894,232	-	-	1,135,095,446	-	-	1,404,458,796	380,052,843	564,685,327	2,552,727,847
177,748,528	-		264,877,137	-	-	327,733,695	32,833,647	491,844,810	967,304,122
6,792,126,158	**-**	**-**	**12,491,543,719**	**-**	**-**	**15,527,594,158**	**6,848,103,651**	**9,757,990,400**	**35,889,763,925**
1,713,782,203	-	-	-	6,570,502,015	-	1,606,491,583	-	-	8,176,993,598
8,505,908,361	**-**	**-**	**12,491,543,719**	**6,570,502,015**	**-**	**17,134,085,741**	**6,848,103,651**	**9,757,990,400**	**44,066,757,523**

		Inflation Adjusted		Historical	
		Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
15.1	**BORROWING COSTS**				
	Expensed	141,430,609	31,990,003	111,942,568	7,130,916
	Capitalised	-	-	-	-
	Total for the year	**141,430,609**	**31,990,003**	**111,942,568**	**7,130,916**
16	**LOCAL LOANS**				
	Government	35,000,000	157,013,500	35,000,000	35,000,000
	CAIPF	7,613,235	159,455,894	7,613,235	35,544,436
	IDBZ	22,393,960	110,913,466	22,393,960	24,723,806
		65,007,195	**427,382,860**	**65,007,195**	**95,268,242**
16.1	**Long term portion**	-	159,455,895	-	35,544,436
16.2	**Short-term portion**	65,007,195	267,926,965	65,007,195	59,723,806
		65,007,195	**427,382,860**	**65,007,195**	**95,268,242**

16.3 The IDBZ local loan is in respect of the loan that was received from the Government of Zimbabwe through the Infrastructure Development Bank for the Mutare-Harare and Harare-Bulawayo Optic fibre projects. The terms of the loan are as follows:

Interest rate	5% p.a
Repayment period	18 months
Interest calculation period	Monthly
Penalty rate	1% p.a
Effective penalty rate	6% p.a

16.4 Communication and Allied Industries Pension Fund Loans

During the year 2019 the company entered into an agreement with the Communication and Allied Industries Pension Fund (CAIPF) to convert the outstanding balance from pension contributions and interest into two diferrent loans. The terms of the loans are as follows:

	Loan 1: Principal Contributions	Loan 2: Interest on Principal Contributions
Loan Amount (ZW$)	27057905.4	10,773,685.6
Interest rate	7% p.a	0%
Repayment period	10years	3years
Interest calculation period	Monthly	n/a
Expiry date	31-Jul-29	31-Jul-22

16.5 Government of Zimbabwe (GoZ) Loan Facility

TelOne owed Telcom Capital Finance (TCF) of Mauritius the sum of US$3,400,293 and the lender had issued a Pre-enforcement notice to attach shares in WIOCC of Mauritius. TelOne applied to Ministry of Finance for a loan amounting to ZW$35,000,000 for the purpose of purchasing foreign currency to pay off the debt to TCF. The terms of the loan are as follows:

Loan Amount	ZW$35,000,000
Interest rate	0%
Repayment period	4months

		Inflation Adjusted		Historical	
		Dec 31,2020 ZW$	Dec 31,2019 ZW$	Dec 31,2020 ZW$	Dec 31,2019 ZW$
17	**INCOME TAX EXPENSE**				
	Net income tax expense/ (income)	**(6,619,114,422)**	**(8,637,985,558)**	**(6,852,820,101)**	**(1,925,500,002)**
	Current tax expense	(477,239,970)	72,937,497	(233,399,144)	16,258,553
	Deferred tax expense/ (income)	(6,141,874,452)	(8,710,923,055)	(6,619,420,957)	(1,941,758,555)
17.1	**Tax rate reconciliation**				
	Accounting profit	(10,267,203,405)	(35,034,437,622)	(34,510,379,920)	(7,809,553,598)
	Notional tax charge based on profit for the year at 24.72%	(2,538,052,682)	(8,660,512,980)	(8,530,965,916)	(2,010,960,052)
	Net effect of temporary/permanent differences	(4,081,061,740)	22,527,422	1,678,145,815	85,460,050
		(6,619,114,422)	**(8,637,985,558)**	**(6,852,820,101)**	**(1,925,500,002)**
17.2	**Deferred Taxation**				
	Analysis of deferred tax liability				
	Property, plant and equipment accelerated	8,131,963,209	537,606,616	8,131,963,209	119,838,304
	Accruals	(40,664,870)	(10,676,770)	(40,504,585)	(2,379,967)
	Fair value remeasurement gain	114,503,239	12,904,051	5,655,753	2,876,452
	Change in functional currency	-	(51,297,344)	-	(11,434,730)
	Provisions	(121,039,595)	(321,281,819)	(118,002,176)	(71,617,177)
	Unrealized exchange losses	(8,679,541,631)	(8,524,985,143)	(8,679,541,631)	(1,900,310,992)
	Allowance for credit losses	(84,499,218)	(149,881,266)	(84,499,218)	(33,410,148)
	Investment property	13,912,571	30,300,467	13,912,571	6,754,298
	Net deferred tax liability	**(665,366,295)**	**(8,477,311,208)**	**(771,016,077)**	**(1,889,683,960)**
17.3	**Current Tax Payable**	**(215,733,673)**	**79,249,096**	**(215,733,673)**	**17,665,477**
18	**TRADE AND OTHER PAYABLES**				
18.1	**Trade payables**				
	Local	256,436,847	736,955,662	256,436,847	164,275,353
	Foreign	1,257,433,810	1,084,206,236	1,257,433,810	241,681,246
		1,513,870,657	**1,821,161,898**	**1,513,870,657**	**405,956,599**
	Other payables	391,351,715	497,922,828	391,351,715	110,992,360
	Statutory payables	439,096,326	427,147,399	439,096,326	95,215,755
		2,344,318,698	**2,746,232,125**	**2,344,318,698**	**612,164,714**
18.2	**Loan interest payable**	**12,145,254**	**8,008,767**	**12,145,254**	**1,785,240**
	Loan interest payable relates to accumulated interest on foreign loans				
18.3	**Long-term payable**	**10,090,376**	**-**	**10,090,376**	**-**

The company completed the National Broadband Project (NBB) and Huawei was the supplier of the equipment for project. The NBB was being funded by a loan from the China Exim Bank. The loan was secured through an on-lending facility with the Government of Zimbabwe. The long term payable represents equipment received as part of the NBB Project which had not yet been paid for at year end.

		Inflation Adjusted		Historical	
		Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
18.4	**Deferred income**				
	Deferred income	**15,811,989**	**138,503,266**	**3,524,695**	**30,873,869**

This is income received in advance from West Indian Ocean Cable Company for backhaul lease of the Harare Kariba link.

		Inflation Adjusted		Historical	
		Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
19	**PROVISIONS**				
	Leave pay	93,263,891	20,593,594	93,263,891	4,590,536
	Gratuity	65,745,394	20,461,204	65,745,394	4,561,023
	Bonus	4,711,772	1,281,417	4,711,772	285,642
		163,721,057	**42,336,215**	**163,721,057**	**9,437,201**
19.1	**Leave pay**				
	Opening balance	20,593,594	13,301,135	4,590,536	2,964,968
	Additions	164,424,395	19,870,070	164,424,395	4,429,253
	Payments	(75,751,040)	(12,577,611)	(75,751,040)	(2,803,685)
	Effects of inflation	(16,003,058)	-	-	-
	Closing balance	**93,263,891**	**20,593,594**	**93,263,891**	**4,590,536**
19.2	**Bonus**				
	Opening balance	1,281,417	709,297	285,642	158,110
	Additions	144,258,725	16,111,463	144,258,725	3,591,419
	Payments	(139,832,595)	(15,539,343)	(139,832,595)	(3,463,887)
	Effects of inflation	(995,775)	-	-	-
	Closing balance	**4,711,772**	**1,281,417**	**4,711,772**	**285,642**
19.3	**Gratuity**				
	Opening balance	20,461,204	-	4,561,023	-
	Additions	61,184,371	20,461,204	61,184,371	4,561,023
	Effects of inflation	(15,900,181)	-	-	-
	Closing balance	**65,745,394**	**20,461,204**	**65,745,394**	**4,561,023**
20	**REVENUE**				
	Revenue comprises:				
	Voice revenue	1,344,410,079	664,464,172	888,954,325	148,116,220
	Data revenue	389,177,200	201,306,216	267,084,456	44,873,323
	Internet revenue	2,457,474,980	740,872,902	1,683,201,683	165,148,548
	V-Sat revenue	62,142,822	33,374,682	38,492,421	7,439,576
	Interconnection revenue	335,664,481	192,366,804	216,763,788	42,880,632
	Centre for Learning revenue	30,054,543	20,320,357	14,598,407	4,529,626
	Accessories sales	36,216,091	6,368,942	27,845,775	1,419,706
		4,655,140,196	**1,859,074,075**	**3,136,940,855**	**414,407,631**
21	**PAYMENTS TO OTHER OPERATORS**				
	VSAT handling costs	62,986,342	34,085,532	42,796,193	7,597,074
	Telephone foreign handling costs	75,383,643	63,086,254	51,247,888	14,062,735
	Data handling costs	73,595	161,465	35,993	35,993
	Internet handling costs	190,127,593	117,766,868	126,551,421	26,251,744
	CPE purchase	95,882,598	38,365,900	66,179,752	8,552,251
	Regulatory fees	99,011,242	34,346,262	69,802,586	7,656,222
	Local interconnection costs	434,153,162	213,443,023	298,168,749	47,579,186
		957,618,175	**501,255,304**	**654,782,582**	**111,735,205**
22	**OTHER INCOME**				
	Insurance recoveries/excess paid	40,582	601,101	34,754	133,993
	Discount on loan renegotiation	-	69,119,136	-	15,407,541
	Equipment grant	-	83,783,363	-	18,676,213
	Payable write off	20,976,432	94,323,815	20,976,433	21,025,374
	Rental income	18,874,043	8,678,372	12,545,571	1,934,520
	Dividends	16,398,091	21,415,641	5,321,143	4,773,777
	Innovation income	12,575,087	-	10,072,133	-
	Projects sales	90,474,210	-	85,610,635	-
	Net income from sale of processed copper cables	-	6,465,421	-	1,441,226
	Sundry income	63,204,844	36,024,267	36,534,738	8,030,271
		222,543,289	**320,411,116**	**171,095,406**	**71,422,915**

		Inflation Adjusted		Historical	
		Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
23	**OTHER OPERATING EXPENSES**				
	Stores handling costs	57,927,038	14,308,576	47,455,592	3,189,565
	Electricity,rent and rates	164,240,938	76,798,119	102,570,543	17,119,285
	Transport costs	256,960,636	118,840,251	176,780,860	26,491,015
	Write off expenses	209,962	75,155	209,962	16,753
	Office and admin expenses	255,137,185	118,823,681	139,394,628	26,486,057
	Software licences	107,407,464	56,365,616	70,645,433	12,564,618
	Staff costs	215,791,197	-	176,596,316	-
	Marketing expenses	69,479,444	61,548,780	54,206,215	13,720,012
	Provision for bad debts	265,520,816	69,657,465	206,690,657	15,527,542
	Operational costs	384,705,304	101,081,159	118,924,931	22,532,286
		1,777,379,984	**617,498,802**	**1,093,475,137**	**137,647,133**
23.1	**Staff Costs**	**1,471,913,525**	**402,459,280**	**932,420,824**	**89,712,507**
24	**FINANCE INCOME AND COSTS**				
24.1	**Finance Income**	**141,354,547**	**179,956,004**	**141,354,547**	**40,114,131**
	Interest income received	8,834,750	6,584,749	8,834,750	1,467,811
	Interest income receivable	132,519,797	173,371,255	132,519,797	38,646,320
	Interest was charged on overdue receivables at 30% interest per annum				
24.2	**Other finance Costs**	**(136,327,740)**	**(82,193,592)**	**(136,327,740)**	**(18,321,837)**
	Interest expense on current loans	(111,942,568)	(35,489,665)	(111,942,568)	(7,910,933)
	Interest expense on trade payables	(24,385,172)	(46,703,927)	(24,385,172)	(10,410,904)
24.3	**Foreign legacy expenses**	**(34,733,817,923)**	**(35,542,086,019)**	**(34,733,817,923)**	**(7,922,713,720)**
	Interest expense on foreign legacy loans	(16,127,211,229)	-	(16,127,211,229)	-
	Exchange gain/(loss) foreign on foreign legacy loans	(18,606,606,694)	(35,542,086,019)	(18,606,606,694)	(7,922,713,720)
25	**EXCHANGE GAINS/LOSSES**	**(772,091,302)**	**(39,480,127)**	**(377,596,440)**	**(8,800,546)**
	Exchange gain arising from foreign receivables balances	2,077,389,258	599,427,304	1,015,961,176	133,620,030
	Exchange loss arising from foreign payables balances	(2,849,480,560)	(638,907,431)	(1,393,557,616)	(142,420,576)

26 EMPLOYEE BENEFITS

26.1 Pension Fund

The Company makes contributions for all eligible employees to a multi employer defined benefit plan administered by the Communications and Allied Industries Pension Fund (CAIPF). The fund is run collectively for the former Postal and Telecommunications Corporations successor companies.

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
Employee benefits				
Short term benefits	1,347,475,434	379,008,587	1,077,482,946	84,485,095
Post employment benefits	32,037,924	17,299,825	21,310,274	3,856,317
Other long term benefits	88,884,075	3,279,738	7,078,319	731,089
	1,468,397,433	**399,588,150**	**1,105,871,539**	**89,072,501**

The Fund's financial position and Employers' contribution rate have been assessed using the Projected Unit Method.

The Pension Fund is a defined benefit plan. It is being accounted for as a defined contribution plan because no sufficient information available to use defined benefit accounting in line with the requirements of IAS 19. The expense for the year ended 31 December 2020 amounted to ZW$932,420,824 (2019 ZW$89,712,507). Liability as at 31 December 2020 ZW$8,660,145 (2019 ZW$5,027,215). The contributions have been discounted using a discount rate of 7% per annum.

The rules of the fund requires employees to contribute at a rate of 7.5% of pensionable salaries towards retirement benefits whilst the employer also contributes 22.5% contributions towards retirement benefits. The rules of the CAIPF require an actuarial valuation to be performed at least every three years but the current practice of CAIPF is to perform annual valuations. Subsequent to year end, the CAIPF recorded a surplus of $755million with a funding level of 420%.

Efforts are underway to convert the Pension Fund from a Defined Benefit (DB) scheme to a Hybrid scheme. Past service benefits will be parked in a DB Scheme whilst future service will be provided under a DC arrangement.

26.2 National Social Security Authority Scheme

This is a defined contribution scheme promulgated under the National Social Security Act of 1989. The company's obligations under the scheme are limited to specific contributions as legislated from time to time. Contributions by employees are 4.5% per month (2019:3.5%) of the pensionable monthly emoluments upto a maximum of ZW$5,000 per month (2019:ZW$700). The contributions for the year ended December 31, 2020 amounted to ZW$2,907,080 (2019: ZW$565,784).

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
27 RELATED PARTY TRANSACTIONS				
27.1 Transactions				
Communications and Allied Industries Pension Fund				
Pension fund contributions	43,573,117	23,178,674	21,310,274	5,166,776
NetOne (Pvt) Ltd - lease of microwave sites				
Cell phone charges, leased circuits and interconnect income	296,144,394	59,314,242	144,835,132	13,221,783
Zimpost - rental of property and postage and use of telecom products	1,664,462	4,631,121	814,037	1,032,327
	341,381,973	**87,124,037**	**166,959,443**	**19,420,886**
27.2 Amounts owing from related parties (debtors)				
Government of Zimbabwe departments and parastatals				
NetOne (Pvt) Ltd	-	626,132	-	139,572
Zimpost (Pvt) Ltd	58,084	278,886	58,084	62,167
	58,084	**905,018**	**58,084**	**201,739**
27.3 Amounts owing to related parties (creditors)				
Zimpost (Pvt) Ltd	5,444,796	3,042,260	5,444,796	678,152
NetOne (Pvt) Ltd	12,613,518	7,582,457	12,613,518	1,690,211
Communication and Allied Industries Pension Fund	8,660,145	22,552,589	8,660,145	5,027,215
	26,718,459	**33,177,306**	**26,718,459**	**7,395,578**
27.4 Compensation to the Board of Directors and Key Management personnel				
The remuneration of Directors and members of Key Management during the year was as follows:				
Board of Directors				
Non executive directors' fees	6,087,447	336,860	4,058,640	75,090
Members of Key Management				
Short term employee benefits	35,687,122	3,440,352	24,118,735	766,892
Post employment benefits	-	251,121	-	55,978
Total emoluments	**41,774,569**	**4,028,333**	**28,177,375**	**897,960**

Compensation to key management is in respect of senior management and is determined by the Board of Directors with reference to individual performance, company performance and market trends..

28 FINANCIAL RISK MANAGEMENT

28.1 Exposure to credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The entity is exposed to credit risk from its operating activities primarily from trade receivables, financing activities including deposits with banks and from other financial instruments. Financial assets which are subject to credit risk include cash resources, trade and other receivables and other financial assets.

The maximum exposure to credit risk at the reporting date was:

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
Carrying amount				
Trade receivables	785,291,358	1,777,297,477	785,291,358	261,024,425
Other receivables	950,993,347	165,602,717	635,643,215	36,914,629
Financial Instruments	629,757,970	747,437,110	629,757,970	166,611,781
Cash and cash equivalents	260,798,236	682,189,633	260,798,236	152,067,244
	2,626,840,911	**3,372,526,937**	**2,311,490,779**	**616,618,079**

Exposure to credit risk was increased by the poor economic performance, however, adequate provision was made against trade receivables considered doubtful. The company's exposure to credit risk on government debtors is reduced by the Government Treasury's commitment to pay all outstanding government debts.

Impairment losses

The ageing of trade receivables at the reporting date was as follows:

	Gross ZW$	Impairment ZW$	Dec 31, 2020 Net ZW$	Dec 31, 2019 Net ZW$
Not past due	294,322,669	-	294,322,669	17,585,142
Past due 0-30 days	211,980,229	-	211,980,229	61,705,439
Past due 31-120 days	222,134,256	-	222,134,256	49,420,281
More than 120 days	396,026,061	(339,171,857)	56,854,203	132,313,563
	1,124,463,215	**(339,171,857)**	**785,291,358**	**261,024,425**

The allowance account in respect of trade receivables records impairment losses up to the point the company is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and written off against the financial asset directly.

28.2 Liquidity risk

The entity manages liquidity risk by continuously monitoring forecast and actual cash flows. The ability of the entity to settle its foreign creditors remained a key consideration although with the support of the Reserve Bank of Zimbabwe on foreign exchange market the company's position with its foreign creditors improved during the financial period. The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount ZW$	Contractual cash flows ZW$	0-12 Months ZW$	12 Months or more ZW$
Dec 31, 2020				
Non-derivative financial liabilities				
Trade payables	1,513,870,657	1,513,870,657	1,513,870,657	-
Other payables	830,448,041	830,448,041	830,448,041	-
Loans	44,131,764,718	44,131,764,718	65,007,195	44,066,757,523
	46,476,083,416	**46,476,083,416**	**2,409,325,893**	**44,066,757,523**
Dec 31, 2019				
Non-derivative financial liabilities				
Trade payables	1,513,870,657	1,513,870,657	1,513,870,657	-
Other payables	830,448,041	206,208,116	206,208,116	-
Loans	8,565,632,168	8,565,632,168	59,723,806	8,505,908,362
	10,909,950,866	**10,285,710,941**	**1,779,802,579**	**8,505,908,362**

The above non derivative financial liabilities are all classified as financial liabilities measured at amortized cost. The company had no derivative financial liabilities as at December 31, 2020.

28.3 Currency risk

Exposure to currency risk

The company's exposure to foreign currency risk is attributable to the Euro (EURO), Japanese Yen (YEN), and Norwegian Kroner (NOK) denominated monetary assets and liabilities. The exposure was as follows at 31 December 2020, based on notional amounts:

	Receivables	Payables	Net exposure
2020			
EURO	-	1,802,752,294	1,802,752,294
YEN	-	14,425,673,496	14,425,673,496
NOK	-	140,210,594	140,210,594
US$		190,856,274,779	190,856,274,779
2019			
EURO	-	540,213,420	540,213,420
YEN	-	70,769,524,370	70,769,524,370
NOK	-	27,370,467	27,370,467
US$		2,229,314,210	2,229,314,210

The following significant exchange rates applied during the year:		Dec 31, 2020	Dec 31, 2019
EURO	-	67.51	20.23
YEN	-	0.80	0.16
NOK	-	9.72	1.90
US$	-	83.01	17

28.4 Currency risk

Sensitivity analysis

A 10% fluctuation of the Zimbabwe dollar against the Euro, Japanese Yen United States dollar and Norwegian Kroner would have increased/decreased equity and profit or loss by the amounts reflected below. This analysis is based on foreign currency exchange rate variances that the company considered to be reasonably possible at the end of the reporting period. The analysis assumes all variables remain the same.

Effect Dec 31, 2020	Equity ZW$	Profit or loss ZW$
EURO		
10% appreciation	(180,275,229)	(180,275,229)
10% depreciation	180,275,229	180,275,229
YEN		
10% appreciation	(1,442,567,350)	(1,442,567,350)
Reclassification to retained earnings	1,442,567,350	1,442,567,350
NOK		
10% appreciation	(14,021,059)	(14,021,059)
10% depreciation	14,021,059	14,021,059
US$		
10% appreciation	(19,085,627,478)	(19,085,627,478)
10% depreciation	194,296,289	194,296,289
Dec 31, 2019		
EURO		
10% appreciation	(54,021,342)	(54,021,342)
10% depreciation	54,021,342	54,021,342
YEN		
10% appreciation	(7,076,952,437)	(7,076,952,437)
10% depreciation	7,076,952,437	7,076,952,437
NOK		
10% appreciation	(2,737,047)	(2,737,047)
10% depreciation	2,737,047	2,737,047
US$		
10% appreciation	(222,931,421)	(222,931,421)
10% depreciation	222,931,421	222,931,421

29 INTEREST RATE RISK

	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
As at 31 December 2020, the interest rate profile of the company's interest bearing- financial instruments was:		
Fixed rate risk		
Financial assets	-	-
Financial liabilities	44,141,855,094	8,601,176,603
	44,141,855,094	**8,601,176,603**

29.1 Treasury and financial risk management

The main risks arising from the company's financial instruments are market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk. The company does not use derivative financial instruments for speculative purposes. The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are reviewed by management on a regular basis for adequacy in being able to manage any changes in risks arising from changes in the operating environment.

30 GOING CONCERN

Loan repayments

The directors have assessed the ability of the entity to continue as a going concern and believe that the preparation of the financial results on a going concern basis is still appropriate. The going concern assessment was performed taking into account the current economic conditions , forecasts and resources that are available for the entity to manage the financial and operational risks and adapting its strategy to economic changes. The entity is in a net liability position of ZW$8,343,926,631 and has defaulted in interest and principal repayments on foreign legacy loans.

	Inflation Adjusted		Historical	
	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$	Dec 31, 2020 ZW$	Dec 31, 2019 ZW$
Net Liability Position				
Total assets	38,415,325,948	14,476,224,576	36,603,787,750	3,226,906,180
Total liabilities	46,759,252,579	41,604,381,914	46,746,965,285	9,274,064,761
Net position	**(8,343,926,631)**	**(27,128,157,338)**	**(10,143,177,535)**	**(6,047,158,581)**

The following factors mitigate the going concern risk:

- The net liability position is due to foreign legacy loans amounting to ZW$36 billion. The legacy loans were inherited from the Postal and Telecommunications Corporation (PTC) on its unbundling in the year 2000. The loans were all guaranteed by the Government of ZImbabwe. In March 2019, the Government passed a resolution to take over these loans in order to capitalise the company balance sheet. The Ministry of Finance and Economic Development has commenced formal engagements with legacy lenders in-order to implement the Government resolution. The take over of these loans will see the company return to profitability and strengthen the company balance sheet.
- The Government of Zimbabwe has also announced plans to partially privatise TelOne so as to allow the company to access fresh capital to support network expansion and upgrade plans.
- During the year, the company had an operating profit of ZW$523,150,592 an improvement from the operating profit position of ZW$449,366,112 in 2019. The operating profitability is confirmation that the company will be able to trade profitably once the balance sheet restructuring is concluded.

The above will give TelOne a competitive advantage and result in a return to profitability with a healthy net asset position.

31 EVENTS AFTER THE REPORTING PERIOD

Non-adjusting events after the reporting period

COVID-19 PANDEMIC

The COVID-19 pandemic spread rapidly in 2020, with a significant number of cases by year end. Measures taken by various governments to contain the virus have materially affected economic activity, the operating environment and the entity's business prospects. The pandemic had negative impacts on business operations arising from the restrictions in social and economic activities, heightened safety and health requirements and changes in demand patterns of the company's service offering.

In terms of section 3(2) of the Public Health (COVID-19 Prevention, Containment and Treatment Regulations [SI 77 of 2020], COVID-19 was declared to be a formidable epidemic disease until the 1st of January 2021. After that date all regulations and orders issued under the Public Health Act to combat COVID-19 would have fallen away. However, through SI 10 of 2021 the Government of Zimbabwe, intensified and re-imposed a tight lock-down on the whole country effective 3 January 2021. During the first two months of 2021the entity's revenue was 10% below budget performance.

The entity has taken a number of measures to monitor and mitigate the adverse impacts of COVID-19, such as:

- Implementation of cost containment measures including prioritisation of critical expenditure
- Safety and health measures for staff (such as social distancing, working from home, testing of employees and regular sanitisation of offices and work stations).
- Securing the supply of materials that are essential to operations.

As the entity operates in telecommunications sector we have found increased demand for our services mainly broadband data as most entities resorted to working from home which is expected to continue. The Company will continue to follow the various government policies and advice and, in addition, perform its operations in the best and safest way possible without jeopardising the health of staff.

Promulgation of Statutory Instrument 127 of 2021

Statutory Instrument 127 of 2021 also known as the Presidential Powers (Temporary Measures) (Financial Laws Amendment) Regulations, 2021 was gazetted on Friday 28 May 2021 by the Government of Zimbabwe which put new rules and penalties on foreign currency use.

The following are some of the key issues addressed by the statutory instrument;

- Use of foreign currency obtained directly or indirectly from a foreign exchange auction or an authorised dealer for a purpose other than that specified in the application to partake in the auction or in the application for foreign currency without Exchange Control authority.
- Refusing to allow any buyer to tender payment for goods in Zimbabwe dollars at the ruling exchange rate without being authorised by law to charge for them exclusively in foreign currency.
- Submitting to the Reserve Bank an application for foreign currency or exchange control authority, or a return or any other document without exercising reasonable due diligence to verify the correctness of the information in or accompanying the application, return or document.
- Selling goods at an exchange rate above the ruling exchange rate, or imposing a premium on Zimbabwe dollar payments or allowing a discount on foreign currency payments.
- Issuing receipts in Zimbabwe dollars for payment received in foreign currency.

Management reviewed the statutory instrument and believe it will have a minimal impact as all payments are receipted and banked in the currency of receipt. However, in the event that the differential in exchange rates between the alternative market and the interbank rate continues to increase customers are highly likely to settle their bills in local currency. This will result in reduced foreign currency receipts from local sales.

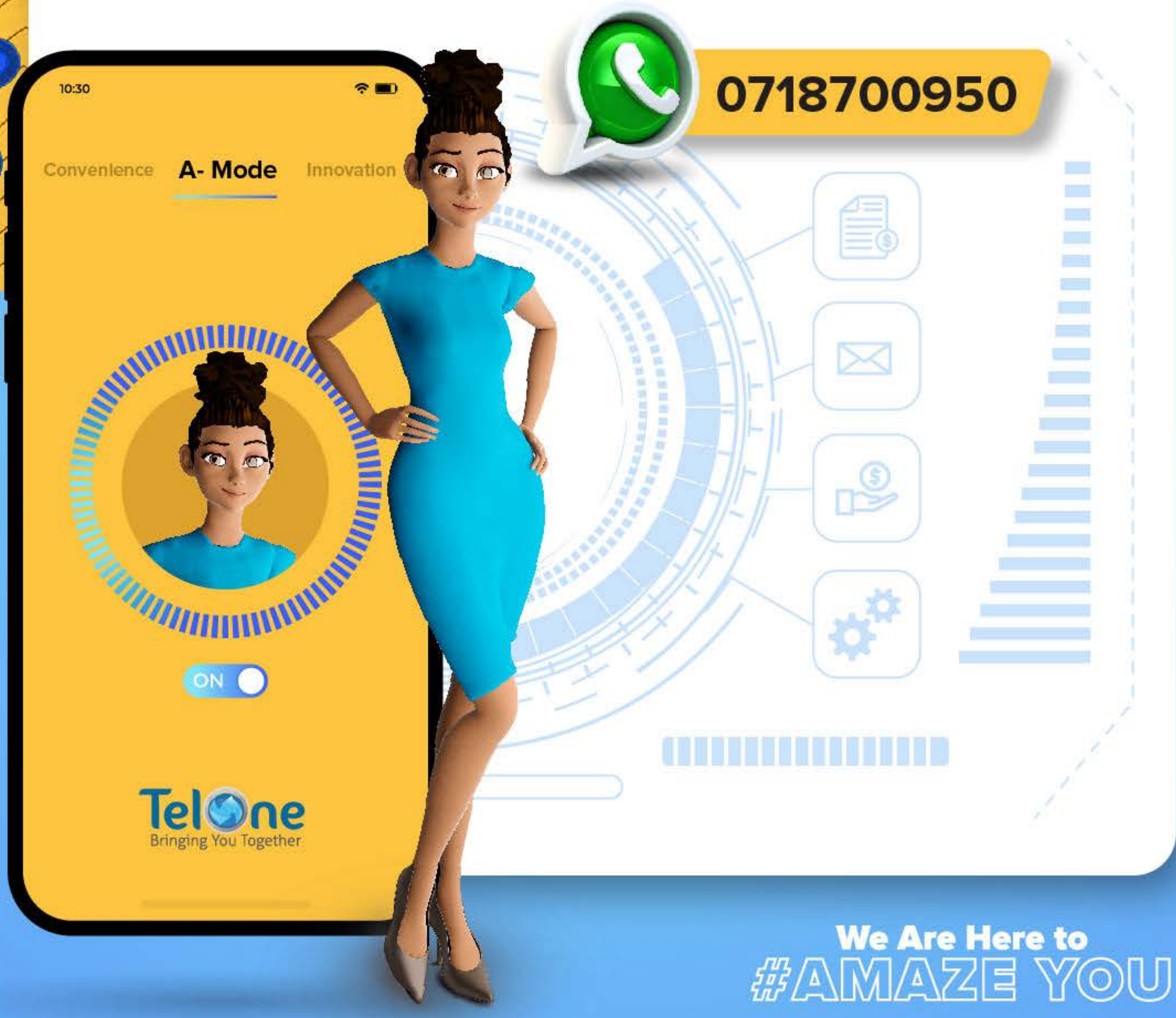
The Directors of the company believe that the instrument will have a minimal impact due to the following mitigatory measures:

- The company actively participates on the foreign currency auction system and interbank market to fund foreign obligations;
- Foreign receipts from interconnection partners;
- Continued compliance with the relevant statutes.

The statutory instrument will have a minimal effect on the operations of the Company.

Launching the amazing Chommie

To us you are not only a client but a friend who has journeyed with us, and keeps the connection with us. We celebrate your valued support and appreciate you. Do get in touch with Chommie and learn more on what's in store for you this customer service week.



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ANNEXURES

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Glossary of Terms

The following abbreviations are used through-out the report, they have been explained below for ease of reference.

ADSL	Asymmetric Digital Subscriber Line
ARPL	Average Revenue Per Line
ARPU	Average Revenue Per User
ASTT	Average Service Turnaround Time
BoP	Beginning Opening Balance
CAPEX	Capital Expenditure
CPE	Customer Premise Equipment
CRM	Customer Relationship Management
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EBIT	Earnings Before Tax
FMC	Fixed Mobile Convergence
FMCG	Fast Money Consumer Goods
GIS	Geographical Information System
GISP	Government Internet Service Provider
GoZ	Government of Zimbabwe
GRI	Global Reporting Initiative
GSM	Global System for Mobile
HSPA	High Speed Packet Access
ICT	Information Communication Technology
IP	Internet Protocol
IMS	IP-Multimedia Subsystem
KPI	Key Performance Indicators
KRA	Key Result Area
LTE	Long Term Evolution
MVNO	Mobile Virtual Network Operator
MPLS	Multiprotocol Label Switching
MSAN	Multi-Service Access Node
NOC	Network Operations Center
OPEX	Operating Expenditure
OPGW	Optical Ground Wire
PABX	Private Automated Branch Exchange
RBM	Result Based Management
RFP	Request For Proposal
ROI	Return On Investment
SME	Small to Medium Enterprise
SOHO	Small Office Home Office
TMT	Telecoms, Media and Technology
T&S	Travel and Subsistence
USF	Universal Service Fund

VAS	Valued Added Services
VAT	Value Added Tax
VOBB	Voice Over Broadband
VoIP	Voice Over Internet Protocol
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal
Wi-Fi	Wireless Fidelity
WiMAX	Worldwide Interoperability for Microwave Access
WIOCC	West Indian Ocean Cable Company
ZIM CODE	National Code on Corporate Governance (Zimbabwe)

NOTES

DESIGN AND LAYOUT BY VPCG

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