RAINBOW TOURISM GROUP LTD



ANNUAL REPORT 2019

The gateway to a world of amazing experiences



Enjoy our heart-warming delicious meals
and other delicacies that warm up the soul.

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VISION • MISSION • VALUES

OUR VISION

To be the premier provider of diversified hospitality and tourism services in Zimbabwe by 2025.

OUR MISSION

We exist to create sustainable shareholder value through the deployment of dynamic hospitality services that consistently deliver refreshing guest experiences.



INTEGRITY

We have integrity: We do what we say, We keep our promises.

CONSISTENCY

We provide consistent and reliable service to all our guests every time.

VIBRANCY

We are vibrant, We are full of life and we enjoy what we do.

FRESHNESS

In all that we do, we guarantee freshness:
- Fresh food
- Fresh pillow
- Fresh smile

SYNERGIES

We activate synergies to achieve amazing guest success every time.

ABOUT THIS REPORT

Rainbow Tourism Group Limited, founded in 1981 and listed on the Zimbabwe Stock Exchange (ZSE) since 1999 presents the annual report for the year ended 31 December 2019. This report integrates both financial and sustainability information to demonstrate our commitment to responsible business practices and values.

Reporting Scope

This report contains information for Rainbow Tourism Group Limited and its subscribers which is incorporated and domiciled in Zimbabwe. In this report, unless otherwise noted or referenced to: "our", "we", "us","the Group", "RTG Ltd" refers to Rainbow Tourism Group Limited and its subscribers. This is the first report presenting the Group's sustainability performance and prepared in accordance with applicable Global Reporting Initiatives (GRI) Standards – 'Core' Option.

Reporting Framework

This report was prepared with due consideration of the following reporting requirements:

- Zimbabwe Stock Exchange as amended by Statutory Instrument 134 of 2019, Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules 2019
- The Companies Act [Chapter 24:03]
- International Financial Reporting Standards (IFRSs)
- Global Reporting Initiative (GRI) Standards.

Data and Assurance

The Financial statements were audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with the International Standards of Auditing (ISA). The independent auditors' report is found on page **39**. Sustainability information and data contained in this report was reviewed by management but not externally assured. Compliance with GRI Standards was validated by Institute for Sustainability Africa (INSAF) as subject matter experts. The Board of Directors approved the report before publication and validated the report for consistence with business operations.

Restatements

The Group did not make any restatements of data previously published except for translation of financial statements as guided by 'IAS29-Accounting in Hyperinflationary Economies' as pronounced by the Public Accountants and Auditors Board (PAAB).

Forward looking Statements

This report may contain forward looking statements. These statements are based on current estimates and projections by Rainbow Tourism Group Limited and current available information. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Future statements are not guarantees of future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions beyond our control. Readers are cautioned not to, put undue reliance on forward looking statements.

Feedback on the Report

The Group values opinions and comments from all our stakeholders which may assist in improving our reporting. We welcome your feedback on this report and any suggestions you may have. For feedback, please contact: Napoleon Mtukwa (Mr), Company Secretary, Email: napoleon.mtukwa@rtg.co.zw.



A. J. Manase
Chairman

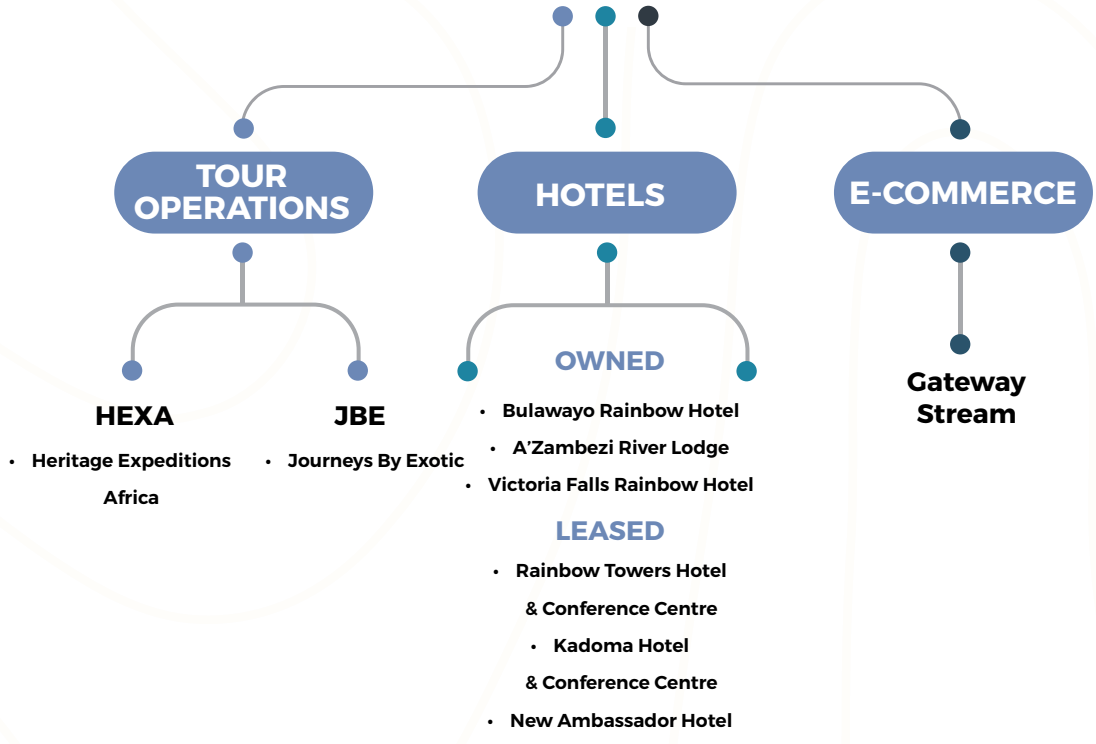


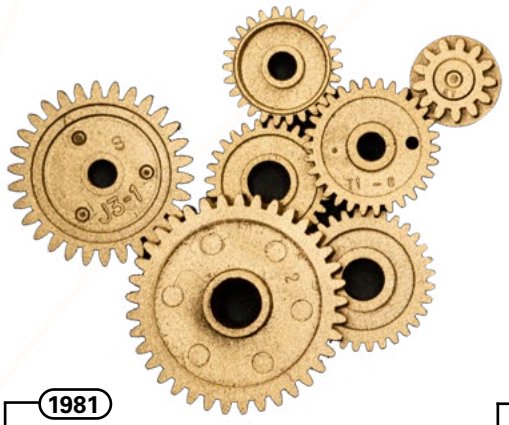
T. M. Madziwanyika
Chief Executive

RAINBOW TOURISM GROUP LTD

STRUCTURE

The Group has hotel operations in Zimbabwe through a combination of owned and leased hotels, a local tour operations subsidiary, an international tour operations subsidiary and e-commerce subsidiary.





OUR HISTORY

1981-2000

1981

Zimbabwe Tourist Board is formed as a corporate body.

1983

Government of Zimbabwe commissions the construction of a 5-star Hotel and Conference Centre in Harare and engages Sheraton Overseas Management Services (a subsidiary of ITT sheraton) to manage the 5-star hotel upon completion.

1984

A parastatal, Zimbabwe Tourist Development Corporation (ZTDC) is formed.

1985

The 5-star Hotel and Conference Centre construction is completed and the hotel starts operating under a management contract with the name Harare Sheraton Hotel. The Conference Centre is named Harare International Conference Centre and is operated by the Ministry of Environment and Tourism.

1986

ZTDC takes over Victoria Falls Rainbow Hotel, which had been closed during Zimbabwe's liberation war. Victoria Falls Rainbow Hotel closes again due to security problems; ZTDC acquires two hotels, Ambassador Hotel and A' Zambezi River Lodge.

1987

ZTDC establishes touring division as a joint venture under a different name, Zimbabwe Tours.

1989

The Zimbabwe Tourist Development Corporation Act is amended to hive off the commercial side of ZTDC operations.

1991

Zimbabwe Tourism Investment Company (Pvt) Ltd (ZTIC), a company wholly owned by Government, is registered under the Companies Act, Chapter 190. The first Board is appointed in November to turn around ZTDC loss-making operations, namely Hotels Division (A' Zambezi River Lodge, Victoria Falls Rainbow Hotel, New Ambassador Hotel – formerly Ambassador Hotel, and Christmas Pass Hotel), Tours Division (comprising Zimbabwe Tours), Conference Division (comprising Harare International Conference Centre) and the Investment Division (represented by the Harare Sheraton Hotel which was operated under a management contract with Sheraton Overseas Management Services).

1992

First C.E.O. appointed and commercial business assets transferred from ZTDC and Ministry of Environment and Tourism to ZTIC. Operations start on 1 April.

1994

ZTIC changes name to Rainbow Tourism Group (Private) Limited (RTG) with RTG still wholly owned by Government. Zimbabwe Tours becomes a joint venture on a shareholding structure of 60% for RTG and 40% for a strategic partner, Ireland Blyth Ltd (IBL) Mauritius, and is renamed Zimbabwe Mauritius Tours and Travel (Pvt) Ltd trading as Tourism Services Zimbabwe.

1995

RTG acquires Rhodes Nyanga Hotel and Kadoma Ranch Motel.

1996

Chimanimani Hotel is acquired on a shareholding of 75% for RTG and 25% for a strategic partner Bervin Investments. Zambezi Safari Lodges is commissioned on a shareholding of 50% for RTG and 50% for a strategic partner Conservation Corporation Zimbabwe.

1997

Christmas Pass Hotel, Mutare, is disposed. Bulawayo Sun Hotel is purchased and renamed Bulawayo Rainbow Hotel.

1998

Touch the Wild Lodges and Safaris is acquired on a shareholding structure of 60% for RTG and 40% for IBL Mauritius. ITT Sheraton is bought by Starwood Hotels and Resorts Worldwide Inc.

1999

Management contract of Harare Sheraton Hotel is renegotiated by RTG and Starwood Hotels and Resorts Worldwide Inc. and renamed Sheraton Harare Hotel and Towers. RTG is structured into four business units (Rainbow Hotels and Conferences division, Sheraton Harare Hotel and Towers Division, Touch the Wild (Pvt) Ltd and Tourism Services Zimbabwe). A voluntary retrenchment scheme is offered. Cabinet approval for RTG privatisation is given on 29 June. RTG's strategic partnership with Accor is approved on 19 October. RTG becomes the 72nd quoted company on the Zimbabwe Stock Exchange on 1 November.

2000

RTG/Accor strategic partnership agreement is concluded; Accor's 35% shareholding becomes fully subscribed on 1 March. Chimanimani Hotel and Rhodes Nyanga Hotel are disposed of as they could not achieve critical mass in capacity and yield.

OUR HISTORY

2001-2019



2001

A' Zambezi River Lodge is rebranded to Hotel Mercure A' Zambezi.

2002

Victoria Falls Rainbow Hotel is rebranded to Hotel Mercure Rainbow.

2004

The management contract with IBL Mauritius is terminated by mutual agreement.

2005

Management agreement with Starwood comes to an end and is not renewed. Management of Sheraton Harare Hotel and Towers is localised. Business of Sheraton Harare Hotel and Towers and Harare International Conference Centre is merged. RTG successfully carries out a rights issue in September and new shareholders emerge. Accor, Laaico, and Ministry of Environment and Tourism get diluted.

2006

The merged business successfully rebrands the Rainbow Towers Hotel and Conference Centre on 19 March. Management contract with Accor is terminated. Hotel Mercure A' Zambezi and Hotel Mercure Rainbow are rebranded to A' Zambezi River Lodge and Victoria Falls Rainbow Hotel respectively under the Rainbow Hotels Division. The Group reverses losses of the past 3 years and wipes out foreign debt incurred over management contracts.

2007

South African marketing office is established and Tourism Services Zambia is registered. Regional expansion strategy is unveiled.

2008

RTG takes over management of the first regional hotel, Hotel Edinburgh in Kitwe, Zambia. RTG also signs a management contract for Savoy Hotel in Ndola, Zambia. Rainbow Hospitality Business School (RHBS) is established.

2010

The refurbishment of A' Zambezi River Lodge commences. Matetsi Water Lodge is acquired as a going concern on 1 March. RTG also enters into a longterm lease over Hotel Mozambique in Beira and commences operations in July. Rainbow Hotels in Zimbabwe acquires ISO 9001:2008 certification in March.

2011

A' Zambezi River Lodge refurbished and rebranded to a 4-star hotel. The hotel is opened mid-May. RTG seeks to recapitalise and to dispose its subsidiaries, namely TTW, Matetsi Water Lodge and TSZ in order to focus on core hotel operations and retire short term debt.

2012

RTG embarks on a recapitalisation exercise to address short-term debt burden. RTG secures a US$10 million loan and concludes a US$4.5 million rights issue. The Group disposes of some of its subsidiaries which were TTW and TSZ to focus on core hotel operations. Hotel Edinburgh in Kitwe, Zambia is closed.

2013

The recapitalisation exercise is completed through a $10 million loan which is used to restructure short term debt and through a rights issue which raises $4.5 million. RTG also places into liquidation Matetsi. In 2013, the Group makes a profit of $1 million up from a $6 million loss during the previous year. This is the Group's first significant profit since the introduction of a multi-currency system in 2009.

2014

The Rainbow Beitbridge Hotel which is located in the border town of Beitbridge, with a rooms capacity of 136 rooms is opened for trading on 15 January.

2016

RTG exits non-performing markets. Rainbow Beitbridge Hotel closes on 31 May and Rainbow Hotel Mozambique closes on 30 September.

2018

RTG concludes its balance sheet restructuring exercise by raising $22.5 million by way of a rights issue linked to debentures. RTG establishes two tour operations subsidiaries Journeys by Exotic domiciled in the USA and Heritage Expeditions Africa domiciled in Zimbabwe.

2019

RTG declares and pays a dividend for the first time since 2006 for the year ended 31 December 2018. RTG was conferred with the award for "The listed Company with the highest profitability by the Zimbabwe Independent Newspaper (Alpha Media Holding).

HOTELS PRODUCT PORTFOLIO



Rainbow Towers Hotel new refurbished room

CATEGORY	No. OF HOTELS	CONFERENCE CAPACITY	No. OF ROOMS
5 Star ★★★★★ • Rainbow Towers Hotel & Conference Centre	1	7000	305
4 Star ★★★★ • A' Zambezi River Lodge	1	80	87
3 Star ★★★ • Victoria Falls Rainbow Hotel • Bulawayo Rainbow Hotel • Kadoma Hotel & Conference centre • New Ambassador Hotel	4	930	487
Total	6	8010	879

RTG South Africa	Marketing and Channel Management Office

SERVICE PROMISE

FRESH FOOD
FRESH PILLOW
FRESH SMILE

Our service promise is expressed through the above three pillars of freshness. Rainbow Tourism Group offers all round refreshing experiences to its customers. From the time you check-in, your experiences will be of freshness in all respects



BOARD OF DIRECTORS



ARTHUR J. MANASE

Board Chairman

Mr. Manase is a Legal Practitioner with over 26 (twenty-six) years of experience. Mr Manase has a wealth of expertise in corporate governance. He currently serves on the Reserve Bank of Zimbabwe Board and the Estate Agents Council. He was previously appointed to represent Zimbabwe on the Permanent Court of Arbitration at the Hague.



TENDAI M. MADZIWANYIKA

Chief Executive

Mr. Madziwanyika sits on the board of directors of Rainbow Tourism Group as Chief Executive. Prior to joining RTG, Mr Madziwanyika held senior positions in the FMCG and hospitality industries including, being the Managing Director of a listed hospitality group in Zimbabwe. He is a past President of the Tourism Business Council of Zimbabwe. He holds a Bachelor of Accounting Science (B.Compt.) from the University of South Africa and a Master of Business Administration (with distinction) from Hull University (United Kingdom).



DOUGLAS HOTO

Non-Executive Director

Mr. Hoto is the Group Chief Executive Officer of First Mutual Holdings Limited formerly Africa First ReNaissance Corporation Limited. He has previously worked as Chief Executive Officer for Altfin Holdings Limited. Mr. Hoto has over 25 years' experience as an Actuary and has worked in various roles in the insurance industry in Zimbabwe and the SADC region. He is a past Chairman of the Actuarial Society of Zimbabwe and a Fellow of the Faculty of Actuaries of Scotland. Mr Hoto holds a Bachelor of Science Honours Degree in Mathematics (UZ).



KEN CHIBOTA

Non-Executive Director

A Chartered Accountant by profession, Mr. Chibota worked for Philips International in the Netherlands and in Zimbabwe for 22 years and as a Philips Distributor for Destiny Electronics for 12 years. He rose in the Group to be the Finance Director. In 1998, he was elevated to the position of Chief Executive Officer a position he retired from when the Philips Distributorship Agreement expired on 31 December 2015. He is the Chief Executive Officer of Horizon Health Services.

CYNTHIA D. MALABA

Non-Executive Director



Mrs. Cynthia D. Malaba is the former Supply Chain Director at Delta Corporation, a blue chip Group listed on the Zimbabwe Stock Exchange. She is the Vice Chairperson of the Culture Fund of Zimbabwe Trust as well as a member of the Business Council of Sustainable Development in Zimbabwe. Mrs. Malaba served at Delta in the positions of General Manager Operations, General Manager- Audit and Risk, Audit Manager – Plastics Division as well as Senior Internal Auditor – Retail Division of Delta. Prior to joining Delta, Mrs. Malaba was employed as a Consultant at KPMG Chartered Accountants after having served Articles of Clerkship with Ernst and Young.

Mrs. Malaba holds a Bachelor of Accounting Degree with the University of Zimbabwe, B.Compt. (Hons) degree with UNISA and is a Chartered Accountant registered with both the Institute of Chartered Accountants Zimbabwe (ICAZ) and the Institute of Chartered Accountants in South Africa (SAICA). She completed a Global Leadership Programme with Gordon Institute of Business Studies. She has wide business exposure in both local, regional and global markets.

SIMON MASANGA

Non-Executive Director (Resigned 27 April 2020)



Mr. Simon Masanga is a career civil servant who has worked in various Ministries in the Zimbabwe Government. He is currently the Secretary in the Ministry of Public Service, Labour and Social Welfare. Prior to this he was the Principal Director responsible for the Departments of Labour and Administration, Social Welfare and Disability Affairs. Mr Masanga is also the Government team Leader under the National Joint Negotiating Council which is a forum to discuss conditions of service for civil servants.

Mr Simon Masanga has been Board Member for the Grain Marketing Board, Member of the Zimbabwe Occupational Health and Safety Council and the Zimbabwe Manpower Development Fund sub-Committee on public service. He holds several professional qualifications including a Master's degree in Public Service Management, BSc Honours degree in Political Science and Administration and a Diploma in Human Resources Management. He also has vast experience in corporate governance and strategic leadership. He coordinated corporate governance issues in nine parastatals under the Ministry of Agriculture for more than ten years.

DOUGLAS MAVHEMBU

Non-Executive Director



Mr. Mavhembu is the Deputy Director- International Tourism Directorate in the Ministry of Tourism and Hospitality Industry. He has worked in various senior capacities within the Ministry of Tourism and Hospitality Industry including being the Acting Director (Tourism) and Acting Under Secretary (Tourism). Mr Mavhembu was the Co-Chairperson for the Zimbabwe/ Zambia Joint Technical Committee on the UNWTO General Assembly held in Victoria Falls. He holds a Master of Science degree in Tourism and Hospitality Management from the University of Zimbabwe, a Bachelor of Business Administration in Tourism Management from Azaliah University and various certificates in Tourism and Hospitality Management as well as Certificate in Education (ZFETC). He is also a member of the renowned Professional Tourism Institutes.



PRISCILLA MUJURU

Non-Executive Director

Dr Priscilla Mujuru comes from a Health and Education background and is currently a lecturer at the University of Zimbabwe. She has worked as a consultant in Public Health for 20 years with various Non-Governmental Organizations. Her qualifications include Doctor of Philosophy in Education (PhD. Ed) from Christ University in Bangalore, India.



NAPOLEON K. MTUKWA

Finance Director

Mr. Mtukwa is the Finance Director and Company Secretary. He is a fellow of the Association of Certified Chartered Accountants (ACCA). He is also a member of the Institute of Chartered Accountants England & Wales (ICAEW). Mr Mtukwa has previously held accounting positions at Unilever Zimbabwe and Mobil Oil. He holds an Honours Degree in applied accounting and a Master of Business Administration Degree from the University of Zimbabwe. He has vast experience at senior management level including years of serving in the position of Group Finance Manager and Group Management Accountant for Rainbow Tourism Group.



IVAN MURAMBIWA

Non-Executive Director

Mr. Murambiwa is the Director of the National Archives of Zimbabwe. His educational qualifications include a BA Honours in History and a Masters in Business Administration, both from University of Zimbabwe, as well as a Master of Philosophy (Heritage Management) from Trinity Hall University of Cambridge (UK). He is a recipient of a Cambridge Commonwealth Trust Scholarship in 1990. In 1991 Mr Murambiwa became a Fellow of the Cambridge Commonwealth Society.

SENIOR MANAGEMENT



Tendai M. Madziwanyika
Chief Executive



Napoleon K. Mtukwa
Finance Director & Company Secretary



Shupai Marware
Commercial Director



Tichaona Hwingwiri
Operations Director



Laurence Dhemba
Human Resources Director



Samson Chitsato
Head: Internal Audit & Risk



Mevis Chikava - Guedes
Brand Manager



Fortune Gowera - Makamanzi
Sales & Commercial Services Manager (RSA Office)



Pride Khumbula
Corporate Communications & Innovations Manager

CORPORATE GOVERNANCE

Board Structure

RTG Ltd believes that Corporate Governance is an essential element of business, which helps the Group to fulfil its responsibilities to all its stakeholders. We believe that the highest standards of Corporate Governance are essential to enhance long term value for our stakeholders and organisational practice at all levels. Ethical business conduct, integrity and commitment to values, which enhance and retain stakeholders' trust are the cornerstone of RTG's operations.

The corporate governance framework under which the Group has been operating was derived from the Code of Corporate Practices and Conduct as set out in the King Report 2009 (King III), the United Kingdom Code of Corporate Governance and the Reserve Bank of Zimbabwe Corporate Governance Guidelines.

The Group has adopted the 2015 National Code on Corporate Governance (Zimbabwe). The Group has started taking steps to be in compliance with the National code.

The Group's Corporate Governance Framework provides detailed guidelines, policies and procedures formulated in the Board Charter as well as various policy documents and the terms of reference of board committees. These documents are reviewed regularly by the Board and the relevant board committees are updated in accordance with amendments of applicable legislation and rules in line with international best practices of corporate governance.

Board Responsibilities

The primary role of the Board is to protect and enhance long term shareholder value. It is at the core of our corporate governance practice and oversees how management serves the long-term interests of all stakeholders. In the course of discharging its duties, the Board acts independently, in good faith, with due diligence and care, and in the best interests of the Group and its shareholders.

The Board meets at least once every quarter to review and monitor the performance of the Group and executive management. Certain matters are considered at all board meetings including the Chief Executive's Report and Board Committee Reports. Special Board meetings or Special Committee meetings can be held to deliberate on ad-hoc matters that arise in between scheduled meetings. Non-executive directors provide the necessary objectivity for the Board's effective functioning and carry sufficient weight in the Board's deliberations and resolutions.

The Board's composition reflects varying skills, experience and diversity among its members to provide sound judgment on strategic issues, effective oversight and guidance to management.

CORPORATE GOVERNANCE

Board delegation of authority

In line with the Articles of Association, the roles of the Chairman and Chief Executive Officer are separate and distinct and the Board composition comprises a balance between the eight non-executive directors and the two executive directors, namely the Chief Executive Officer and the Finance Director. This allows for separation of responsibilities and enhancement of the Board's oversight role over the management function.

Stakeholder channels for communicating with the board

The Group has platforms in place which allow stakeholders to communicate directly with the Board of Directors on material issues. These platforms include the Annual General Meeting, Analyst Briefings, Press Pronouncements, Annual Reporting to stakeholders, and exercise of meeting Proxy Forms, Etc.

Board Charter

The Board has an approved Charter which details inter alia the manner in which the Board conducts its business.

Dealing in Securities

The Board has implemented a formal trading policy prohibiting directors, officers and employees of the Group from dealing in the Group's shares during its closed periods as prescribed by the Zimbabwe Stock Exchange (ZSE) Listing Rules.

Business Ethics

The Group subscribes to sound principles of ethics and good business practices. A code of ethical business conduct is in place and is consistently enforced with disciplinary measures. The Group has a strong position that prohibits employees and management to be involved or associated with activities of corruption.

Remuneration Policy

The Group has a Remuneration Policy administered through the Human Resources, Remuneration and Corporate Governance Committee. The policy allows the participation of external stakeholders such as shareholders through nominated directors in the determination of executive remuneration. The rest of the staff's remuneration is guided by the policy and collective bargaining agreements processes.

Board Committees

The Group's Articles of Association empower the Board to delegate its powers to committees consisting of selected members. The Board has four committees, namely the Audit and Risk Committee, the Human Resources, Remuneration and Corporate Governance Committee, the Marketing, Communications and Strategy Committee and the Finance Committee.

CORPORATE GOVERNANCE

Board and Committee Meetings Attendance		
Committee	**Members**	**Responsibilities**
Audit & Risk	C. D. Malaba (Chairperson) D. Hoto S. Masanga	The Committee comprises of three non-executive directors. The Committee deals inter alia with compliance, internal control and risk management.
Human Resources, Remuneration and Corporate Governance	D. Hoto (Chairman) A. J. Manase D. Mavhembu	The Committee comprises of three non- executive directors. The primary function of the Committee is to assist the Board by reviewing policies relating to senior executives remuneration and the current industry practice with regards to executive remuneration. The Committee also makes recommendations to the Board on its composition and the balance between executive and non-executive directors. Skills and diversity are also taken into account in this process.
Marketing, Communica-tions & Strategy	I. Murambiwa (Chairman) P. Mujuru D. Mavhembu	The Committee comprises of three non-executive directors. The purpose of the Committee includes to review and advise on the Group's marketing, sales and overall strategy initiatives.
Finance	K. Chibota (Chairman) P. Mujuru I. Murambiwa	The Committee is composed of three non-executive directors. The Committee assists the Board in its consideration and approval of various matters including: ongoing oversight pertaining to capital structure and funding; capital management and planning initiatives; due diligence on acquisitions, divestments including proposals which may have material impact on the Group's capital position.

Board and Committee Meetings Attendance						
	Appointed	**Main Board**	**Audit & Risk**	**Human Resources**	**Marketing, Communications & Strategy**	**Finance**
A.J Manase	29 Jul 2019	2/2	N/A	4/4	N/A	N/A
T.M Madziwanyika	N/A	5/5	5/5	7/7	4/4	6/6
N.K Mtukwa	N/A	5/5	5/5	7/7	4/4	6/6
D. Hoto	11 Jul 2012	5/5	5/5	7/7	N/A	N/A
D. Mavhembu	08 Jan 2013	3/5	N/A	6/7	2/2	N/A
K. Chibota	29 Jul 2019	2/2	N/A	N/A	N/A	3/3
C.D. Malaba	12 Mar 2018	4/5	5/5	N/A	N/A	N/A
P. Mujuru	29 Jul 2019	2/2	N/A	N/A	2/2	3/3
S. Masanga	16 Feb 2018	3/5	3/5	N/A	N/A	N/A
M. Murambiwa	29 Jul 2019	2/2	N/A	N/A	2/2	3/3

*** Mr. T. M. Madziwanyika (Chief Executive) and Mr. N. K. Mtukwa (Finance Director) attend all board meetings**

OUR RESPONSIBLE BUSINESS CULTURE

Our Responsible business and Sustainability Practices

The Rainbow Tourism Group's sustainability strategy rests upon the philosophy of being a responsible business that creates value through excellence. At our heart, is ensuring guests and stakeholders experience something magical through refreshing hotels and amazing experiences. The Group's strategy is to ensure our hotels live by our service promises of Fresh Food, Fresh Pillow and Fresh Smile' which we uphold through responsible business and sustainability practices. To this effect, the Group is certified under ISO 9001:2015 - Quality Management System. This requires the Group to monitor and adhere to all quality procedures in all service delivery, food quality and safety, security, hotel room standards and business processes. Our operational sustainability strategy is designed towards 'Greening our Hotels' by ensuring that we are responsive to climate change, energy, water, waste and our people. We have systems in place to monitor how we respond to these sustainability issues through policies, procedures and values we set across the Group. To achieve this, the Group adopted the Global Reporting Initiatives (GRI) as a business model for guiding our strategy for greening the hotels and business through a shared vision and responsibility across the Group. The standards provides us with a framework for identifying risks and opportunities while being inclusive of stakeholders.



RTG donated mealie meal and blankets towards cyclone victims



STAKEHOLDER ENGAGEMENT

At RTG Ltd, we believe our success in the tourism industry in Zimbabwe has been anchored on strong stakeholder relations we have built over the years. Stakeholder engagement is a critical shared responsibility across our value chain. We engage stakeholders to understand their concerns, priorities and views which are instrumental in how we continue to innovate and be responsive to their needs. Our stakeholder engagement is coordinated by our Corporate Communications and Innovations Manager.

Management's approach to stakeholder engagement is designed to place responsibility of engagement upon each function in the Group. Heads of Departments are expected to engage the stakeholders they relate to and report to senior management on material issues. Management evaluate and formulate strategies for responding to material concerns raised. Outcomes of stakeholder engagement are analysed to enable identifying risks and opportunities.

Stakeholders and their categories

The Group has defined stakeholders as those we have material impacts on and those who can significantly affect our achieving of business objectives. For this report, stakeholders were identified based on those whom the Group has significant relationships and those who define the business operating environment. Our stakeholders are categorised into Internal [Employees, Management, and Board of Directors] and External [Suppliers, Government, Guests, Shareholders and Communities].

OUR RESPONSIBLE BUSINESS CULTURE

During the year, our stakeholder engagement were as follows:

Stakeholder	Material issues Raised	Mitigation Measures	Engagement Channel
Employees	• Engagement & inclusion • Skills capacitation and development • Access to information • Competitive Group performance • Remuneration • Job Security	• Development, implementation and monitoring • HR policy and procedure • Regular information updates • Group pension scheme available • Staff retention initiatives	• Performance review feedback. • Face to face communication • Emails • Internal communications • CEO and line manager engagements.
Guests	• Quality products and offering value for money • Feedback channel Consistent service levels	• Product upgrades • Competitive promotions • Guest feedback system • Training and Development	• Sales team engagement • Above the line advertising • Emails & In room and online feedback forms
Government and Regulators	• Regulatory compliance	• Lobbying government	• Statutory returns • AGMs • Face to Face engagement with line ministries
Shareholders and Potential Investors	• Business performance • Competitive returns • Regulatory compliance	• Full regulatory compliance • Enhanced Board oversights	• Annual Report • AGMs • Analyst Briefings
Suppliers	• Timeous payments • Tax compliance • Ethical business practices	• Supplier audits • Supplier screening • Supplier contracts	• Management visits • Telephone • Emails • Face to face engagement
Communities	• Economic opportunities • Visible corporate social initiatives	• Development of strategic CSI Initiatives	• Focus Group meeting with communities
Media	• Regular and transparent updates on material Group developments	• Media Briefings and press releases • Media tours	• Face to face engagements • Analyst Briefings • Emails and website updates
Industry	• Labour industry bargaining • Fair business practices * Fair pricing Training and Development	• Participation in NEC Engagements • Participation in Industry forums.	• Face to face meetings.

OUR RESPONSIBLE BUSINESS CULTURE

MATERIALITY

The Group's approach to identifying material topics is based on stakeholder feedbacks through departments which engage directly with these stakeholders. Management is instrumental in evaluating significant impacts the business has on stakeholders and operations. A combination of these approaches helped identify the following material issues used to determine topics to report.

During the year, the following issues were identified and categorised as presented below:

Economic	Environmental	Social
• **Revenue Generation** • **Profitability** • **Currency risks** • **New business line**	• Energy • Water • Hotel Waste	• **Employment** • **Renumerations** • **Staff Training** • **Cyber security** • **Safety**

REPORTING PRACTICE

This report provides our initial steps of integrating sustainability into our annual reporting for the first time. Our approach was to disclose both financial and sustainability information in an integrated format to provide a broad perspective of our performance during the financial year.

Report Boundary

The Group operates hotels in Harare, Victoria Falls, Bulawayo and Kadoma. These locations contribute significant economic, environmental and social impacts considered material for reporting. As such, these hotels defined the boundary for this report.

Report Data

The report used qualitative, quantitative data and information to explain how the Group performed on material topics considered important to our stakeholders. Information used for the purpose of this report was extracted from Group records, policies and respective personnel in charge of the topic areas.

Report Period

The reporting period for the Group spans over a 12 month period from 1 January to 31 December each year. There were no changes to the reporting period.

Report Declaration

Management declares that this report was prepared in accordance with applicable GRI Standards – 'Core' option.



OUR RESPONSIBLE BUSINESS CULTURE



RISK MANAGEMENT AND COMPLIANCE

Our approach to risk management is under the responsibility of our Internal Audit function which operates a risk register. A consolidated risk management report is presented to the Audit and Risk Committee before being presented to the main Board of Directors for review and decisions on mitigation measures.

The report covers the following risk categories:



Cyber Risk

Our cyber risk management is integrated with our safety and security system to ensure information of the Group, our guests and stakeholders is safe and protected at all times. The Group has safety guards against cyber risk managed under the Business Information Systems Department which ensures data security. Our internal audit department carries out regular audits to ensure IT security systems are functioning at all times and remedial action is taken where attempts could have occurred.

New Business Line Risk

New business line when introduced may carry potential risks to existing operations or future. As such, the Group conducts risk assessment which may include competitions, safety and brand reputation, macro-economic environment, obsolete technology and compliance issues for the new business lines. The Directors take responsibility for evaluating and managing the risk line.

General Risk

The category of general risks is made up of financial risks, commercial risks, strategic risks, people risks, reputational risk, physical and security risks, information technology risks and political risks. Our internal audit department conducts regular audits on these risk areas against policies in place and provide a Risk Matrix to help management make decisions on mitigation measures.

OUR RESPONSIBLE BUSINESS CULTURE

Compliance Matters

It is the Group's culture and directors' responsibility to ensure the Group operates in full compliance with all applicable laws and regulations. During the year, the Group made great effort to comply with the following instruments and regulations:

- Companies Act [chapter 24:03]
- Zimbabwe Stock Exchange (ZSE) Listing Rules, as amended Securities and Exchanges Commission of Zimbabwe (SECZ), Tourism Act [chapter 14.20]
- Regional, Town and Country Planning Act [chapter 29:12]
- Public Accountants & Auditors Board Zimbabwe (PAABZ) – Pronouncements Exchange Control Act [chapter 22:05]
- Consumer Protection Act [chapter 14:44]
- Labour Act [chapter 28:01]

Dematerialization Of Securities

The Securities Act [Chapter 24:25] (the Securities Act) authorizes the Zimbabwe Stock Exchange to convert paper-based share certificates into an electronic format. Pursuant to the Securities Act, the Securities Exchange Commission awarded Chengetedzai Depository Group the rights to establish, operate and develop a central securities depository system in which securities will be traded in dematerialized/ electronic form.

In terms of section 72 of the Securities Act, a shareholder who so wishes to participate in an established central securities depository system may do so by electing to convert his or her securities into dematerialized form. Section 72 supersedes all other provisions to the contrary in the Group's Act [Chapter 24:03] and by implication the Group's articles and memorandum of association.
Section 72 of the Securities Act requires that the conversion of securities of a listed Group into dematerialized form must be authorized by the directors of that Group. In 2015, the RTG board passed a resolution authorizing and empowering the Group to convert its securities into dematerialized form and deal in such dematerialized securities. This resolution is subject to the requirements of the Securities Act [Chapter 24:25], and in particular the individual consent of the holder of securities in the Group.

RTG's shareholders may accordingly, through Chengetedzai Depository Group at any time apply for the conversion of their share certificate into electronic instruments and deal with their respective securities in that form.

SUPPLY CHAIN MANAGEMENT

The Group has a Procurement Policy which guides supply chain management to ensure consistency, best prices and quality in all procurements. Our supply chain covers – hotel supplies, services and infrastructure project supplies. Management's approach to procurement is to ensure sourcing is direct from source or primary producer. Our supply chain is made up of small fresh produce suppliers and large suppliers. However, the bulk of our supplies are sourced from regional and international suppliers to guarantee the quality expected by the diversity of our guests who include domestic and international visitors.

The Group's practice is to always have a reasonable lead time of inventory of goods to guarantee food availability at all times. Our supply chain is managed through our Procurement Department which inspects goods at source whether locally or internationally supplied to ensure quality and food safety. In doing so, the Department operates a screening system based on ISO9001:2015 - Quality Management System. For infrastructure related projects, all procurement is managed internally to ensure quality and cost effectiveness.

SUSTAINABILITY PERFORMANCE

SAFETY AND SECURITY

Safety and Security of guests, visitors and employees is a key management responsibility and priority. As such, providing a safe and conducive hotel environment is a shared responsibility across all staff. The Group categorises security into physical and information technology which is managed under the Loss Control Department. Management's approach to safety and security is to integrate the latter into risk management.

Physical Security Management

Management's approach to physical security rests upon a 7 pillar strategy presented below:

- Inventory Management
- Systems and processes
- Perimeter Boundaries
- Investigations and recoveries
- Life, Fire and safety
- Revenue Protection
- Security systems

Information Technology (I.T) Security

The Group tries by all means to ensure guests and company information is secure and protected at all times. There are data access controls, privacy, data loss prevention, network access and protection measures to protect our guests and company information. Management's approach is to conduct regular awareness on emerging trends of forms of IT intrusion attempts to ensure all staff are kept alert of any new forms of intrusions which could lead to information loss. During the year, there were no major incidences of breaches in physical and IT Security reported within our hotels, facilities and operations.

OUR PEOPLE

Employees are a critical factor in how the Group delivers excellent service to our guests and stakeholders. The Group's strategy is to regard employees as business partners who help identify business opportunities and risk. Management's approach is guided by the Human Resources Policy which provides the minimum standards that should be considered during recruitment. Management prioritises internal recruitment and security clearance of employees. Further, we have a performance policy for ongoing evaluation of employees.

Human Capital Development

The Group has a human capital policy in place which guides training of employees. We also have an Exposure Program (EP) which allows our employees to interface with international best practices through different options. Our policy requires that management identify training needs and track performance. The Human Resources Department conducts assessments on the effectiveness of training after 3 months to determine whether there has been an improvement in skills and performance.

Industrial Relations And Employee Engagement

The Group has an established Employee Works Council (EWC) which meets monthly and Bi- Annually. Management convenes a 'State of the Hotels' meeting with low level employees where they present on the performance of the business. During the year, our employee engagement levels were as follows:

	2019	2018
Employee Engagement	81%	67%
Industry recommended level	70%	70%

Our employee engagement increased to 11% above the industry recommended levels which represented a sharp increase from prior year.

SUSTAINABILITY PERFORMANCE

Total Employee Base By Contract Type

Contract Type	2019	2018
Casual	549	554
Contract	269	314
Permanent	452	217
Total	**1,270**	**1,085**

Employee Base By Gender

Gender	2019	2018
Male	723	604
Female	547	481
Total	**1,270**	**1,085**

During the year, our employee base increased by 17% relative to the increase in our room occupancy and conferencing activities. The major increase was mainly in contract and casual employees who vary with demand of work available in our hotels.

Employment Impact

During the year, our employment impact represented by recruitment and turnover was as presented below:

Recruitment

Gender	2019	2018
Male	42	40
Female	34	37
Total	**76**	**77**

Turnover

Gender	2019	2018
Male	47	74
Female	21	36
Total	**68**	**110**

Average Training Hours Per Employee

Gender	Unit	2019	2018
Male	Hours	38	46
Female	Hours	44	48

Management takes cognisance of the need to achieve gender parity within the Group. There are plans of continuously monitoring our recruitment to ensure the Group strikes a good balance between male and female employees. Further, the Group tries by all means to ensure there is no segregation and provides equal opportunities.

Human Capital Skills Base

Our Senior/Key/Technical staff members belong to the following professional bodies:

- Institute of Directors Zimbabwe (IODZ),
- The Association of Chartered Certified Accountants (ACCA),
- Institute of Chartered Accountants England and Wales (ICAEW),
- Institute of Chartered Secretaries and Administrators Zimbabwe (ICSAZ),
- Law Society of Zimbabwe (LSZ),
- Institute of Internal Auditors Zimbabwe (IIAZ),
- Marketers Association of Zimbabwe (MAZ),
- Zimbabwe Institute of Engineers (ZIE), and
- Institute of Personnel Management Zimbabwe (IPMZ).

Employee Wellness Programs

During the year, our wellness activities were as follows:

Activities	Topics	2019		2018	
		Female	Male	Female	Male
NSSA Health & Safety Training	Safety awareness	-	-	2	1
BMI Weight Test	Health Check	162	40	212	64
Cholera & typhoid awareness	Health Awareness	-	-	100	80
Mental Wellness Training	Wellness of mind	-	-	102	40
Zumba Dance	Physical fitness	100	80	100	80
Sports	Soccer	-	84	-	84
Sports	Netball	42	-	42	-
Marathon	12km run	12	8	12	8
Dental Care	Cleaning and care	75	20	75	20
Cholesterol testing	Health checks	162	40	170	66
Blood pressure checks	Health checks	162	40	170	66
Nutrition Presentation	Health eating habits	162	40	170	66
Good Postures at work	Postures	162	40	170	66
Total attendance		**1,039**	**392**	**1,325**	**641**

Attendance to wellness programs were skewed towards female participants. Total participation decreased by 22% and 39% for female and male employees respectively. During the year, no events were hosted for Cholera and mental awareness and training.

Employee Health And Safety

Employee health and safety is a priority of the Group through our Human Resources department.

Management's approach is to ensure a day is set aside each month for safety training. The days can be increased where necessary to ensure employees are kept up to date with expected safety standards.

Incidences	Unit	2019	2018
Total number of work related injuries	Count	3	4
Number of lost days as result of the injuries	Count	23	33
Number of lost days due to absenteeism	Days	67	46
Work related fatalities	count	0	0
Safety Training	Days	12	12

During the year, work related injuries went down by 25% relative to the lost days. No fatalities were recorded during the year. It is management approach to ensure incidents are at zero rate.

SUSTAINABILITY PERFORMANCE

Human Rights

Granting human rights is a critical aspect of our labour practice. We operate within the confines of the Labour Act in Zimbabwe. In view of global developments on human rights as informed by the United Nations Guiding Principles on Business and Human Rights, the Group plans to undergo a training on business and human rights to broaden our understanding and practices. Annually, the Group undertakes two (2) hours of training on employee rights.

Collective Bargaining

The Group allows employees to join trade unions and employment councils in our sector. Currently, most of our employees belong to the Zimbabwe Catering and Hotel Workers Union (ZCHWU) and the National Employment Council for the sector. The Group also participate in collective bargaining agreements and employees' coverage is presented below:

Employee category	Unit	2019	2018
NEC registered	Percentage	100%	100%
All Employees	Percentage	59%	60%

WATER

Water is a critical component used in food preparation and cleaning within our hotels. As such, management's approach is to encourage conservation and initiatives that minimise wastage. Hotels in Harare and Bulawayo use borehole water only while Victoria Falls partially use municipal and borehole water. We currently do not have working flow meters to measure extraction from boreholes. However, plans are currently underway to install new flow meters across all hotels to measure consumption. In addition, there are proposals to consider installing faucet taps and water pedals in our kitchens to manage water.

WASTE

Major waste in our business is attributed to foods and packaging materials. Management's approach is to ensure waste is minimised and disposed in a sustainable manner. To that effect, Management contracted a third party Not for Profit Organisation called Zimbabwe Sunshine Group in 2019 to train staff on the importance of waste management; separate the waste at source for responsible disposal and recycling. All non-bio-degradable waste was sent to recycling facilities while the rest is disposed through approved and licenced municipal facilities. During the year, the following waste was separated for recycling:

Waste	Disposal method	Unit	2019	2018
Solid (Plastic and Cans)	Third party recycling	Tonnes	10	N/A

The project on measuring hotel waste was embarked in 2019 by piloting Rainbow Towers Hotel in Harare before extending to the rest of the hotels in 2020. Therefore, the quantities above are only limited to Rainbow Towers Hotel.

ENERGY

Energy is core to how we deliver excellent service and facilities to our guests and stakeholders. Management's approach is to prioritise energy conservation and encourage our guests and staff to take precautionary measures. Our hotels are installed with backup generators to guarantee minimum interruption of our business. Management places responsibility of energy management to the maintenance department which ensures all appliances and vehicles are working efficiently and report on consumptions on a monthly basis. During the year, our energy consumption was as follows:

Energy Consumption Outside The Group

Energy Type	Unit	2019	2018
Petrol	Litres	75,121	67,296
Diesel	Litres	96,412	100,944
Total		171,532	168,240

Senior Management and administration staff is granted a constant fuel allocation for business purposes annually. Of this allocation, 60% is used by diesel cars while the remainder by petrol cars.

SUSTAINABILITY PERFORMANCE

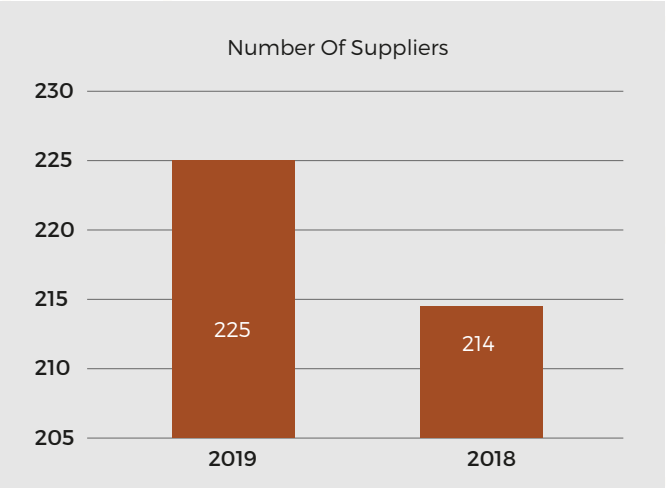
Energy Consumed By Hotels

Energy Type	Unit	2019	2018
Diesel (Generators)	Litres	94,989	22,327
Electricity	Kwh	9,323,738	10,841,934

During the year, diesel for generators increased by 325% due to increased nationwide power cuts experienced in 2019 in Zimbabwe. This increase compensated the decrease by 14% of electricity consumption.

RESPONSIBLE PROCUREMENT

During the year, the Group carried out physical inspections and screening of suppliers to ensure quality and foods safety standards in line with our ISO9001:2015-Quality Management System. The Procurement Department conducted on-going assessments and visits of suppliers. Due to the nature of our industry which requires high quality and food safety, our procurement were approximately 80% local while the rest sourced from regional and international suppliers. The Group supports local small-holders fresh producers who meet quality and food safety standards. During the year, our suppliers list was as follows:



During the year, our supplier list increased by approximately 5%. The increase was attributed to ongoing hotel renovations and increased business during the year.

INVESTING IN OUR COMMUNITIES

The Group believes in supporting the quality of life and well-being of local communities through different forms across the country. Management's approach is to prioritise sustainable socio-economic empowerment of communities with long term impacts. During the year, our initiatives were as follows:

Theme	Support	Beneficiaries	Impact
Community Empowerment	**Organic horticulture community project material support**	• **Community Capacity Building Initiative Centre for Africa** • **Kadoma community** • **Kadoma General Hospital** • **Tariro Children's Home** • **Emthunzini We Themba Children's Home**	**700 People trained**
Natural Disaster Support - Cyclone Idai	**Food stuff and Linen**	**Chimanimani Communities - Red Cross Zimbabwe and Ministry of local Government and Public Works.**	**10 tonnes of maize and 150 blankets**

During the year, the Group's socio-economic impacts were through a community nutritional garden horticulture project at Kadoma Hotel & Conference Centre. The project imparts horticulture skills to communities for self-reliance by providing space and training on organic vegetable production for their livelihood both at the hotel and at selected community locations such as Kadoma General Hospital and Tariro Children's Home. The vegetables are then supplied to the local hospital, homes and local community markets.

GREENING OUR HOTELS

The Group's goal of 'Greening the Hotels' was motivated by the desire to ensure hotel rooms are responsive to climate change, environmental imperatives and international guest appetite. We prioritised energy conservation, water, chemical usage and waste with the intention of working toward being part of the league of Green Hotels in Africa. To achieve this, management included these critical areas in the scope of works during the refurbishment of selected hotels starting with Victoria Falls Rainbow Hotel

in 2018 followed by Bulawayo Rainbow Hotel and the Rainbow Towers Hotel & Conference Centre in 2019.

Water And Chemicals

Achieving Greening our hotels could not be possible without the cooperation and support from guests. As such, our rooms have materials for guests to instruct us to change sheets and wash towels when they wish so. These actions have helped us to manage water and chemicals we use to clean the laundry.

Clean Energy And Conservation

The newly renovated rooms operate an automatic switch off electricity once a guest removes their room access card. We encourage our staff to switch off electricity in none core areas when not in use. The Group is piloting a solar project at Kadoma Hotel & Conference Centre which will be extended to all hotels. Our goal is to rely on clean and renewable energy across our hotels. We previously operated centralised air conditioning in our hotels which proved to be more energy demanding. In that regard, the Group installed individually managed air conditioning system which has resulted in decreased energy consumption.

Refurbishments

Over the past 2 years, the Group has been renovating and upgrading hotel rooms which has seen bath tubs being replaced with showers to save water while new energy conserving elevators were installed. These elevators have a functionality that only grant access to guests with room access cards. In addition, some parts of the rooms were retrofitted to save energy.

The table below shows rooms renovated:

Hotels	Unit	2019	2018
Rainbow Towers	Rooms	183	-
Bulawayo Rainbow	Rooms	181	-
Victoria Falls	Rooms	-	86

Future Plans

The Group is planning to pilot setting up a water reticulation system which would process waste water from our kitchens and bath rooms for watering hotel gardens.

ECONOMIC VALUE GENERATION AND DISTRIBUTION

Our management approach to economic value generation and distribution is guided by the annual business strategy and priorities adopted for the year. During the year, our economic value generation and distribution was as follows:

	Unit	2019	2018
Economic Value Generated	ZW$	167,184,723	23,110,783
Other Income and Interest earned	ZW$	15,434,950	3,313,189
Gains on revaluation of property	ZW$	563,406,446	6,331,562
		746,026,119	**32,755,534**
Economic Value distribution	ZW$		
Operating costs	ZW$	(29,250,134)	(3,709,340)
Employees Costs and benefits	ZW$	(46,652,425)	(11,811,669)
Administration costs	ZW$	(25,832,941)	(9,833,000)
Distribution costs	ZW$	(19,010,731)	(3,176,189)
Payments to providers of capital	ZW$	(3,045,934)	(1,122,611)
Tax Charge	ZW$	(6,737,479)	(573,283)
Total Distribution	ZW$	**(130,529,644)**	**(21,414,117)**
Economic value Created		**615,496,475**	**11,341,417**

Defined Contribution Plan Pension

The Group takes cognisant of the life of employees when they retire from employment. In this regard, management ensures that there are options for employees to join pension schemes. Some schemes are voluntary while there is a mandatory National Social Security Authority scheme for all employees. Below are payments made towards these schemes:

SUSTAINABILITY PERFORMANCE

	Unit	2019	2018
Employees on Group Pension	%	6%	0%
RTG Pension Fund	ZW$	497,079	399, 593
National Social Security Pension (NSSA)	ZW$	198,700	167,044
Catering Industry Pension Fund (CIPF)	ZW$	86,878	90,350
Group Life Cover	ZW$	100,741	92,204
Total Pension Contribution	**ZW$**	**883,128**	**749,191**

During the year, total pension contribution increased by 18% relative to our employee base.

Tax Payments

The Group acknowledges that taxes are key to national development and governance systems which shapes the business environment we operate. As such, management prioritise compliance with all applicable statutory requirements and tax planning as a responsible business.

During the year, our tax payments were as follows:

	Unit	2019	2018
Value Added Tax (VAT)	ZW$	6,461,433	2,886,562
PAYE and Aids Levy	ZW$	1,848,760	988,489
Withholding Tax	ZW$	206,256	40,489
Total Taxes	**ZW$**	**8,516,449**	**3,915,540**



RAINBOW TOURISM GROUP LTD

GROUP SECRETARY CERTIFICATION

I certify that, to the best of my knowledge and belief, the Group has lodged with the Registrar of Companies all such returns as are required to be lodged by the Public entity in terms of the Companies Act (Chapter 24:03) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

.....

N.K. MTUKWA
Group Secretary
19 March 2019



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CHAIRMAN'S STATEMENT



1. Introduction

Rainbow Tourism Group Limited (RTG) delivered yet another set of pleasing results for the year ended 31 December 2019. In-spite of a depressed macro-environment characterized by a volatile foreign exchange market as well as reduced consumer spending, the Group grew its foreign currency business, paid off significant debts and refurbished hotels from own resources.

During the year, the Group successfully established Heritage Expeditions Africa, Journeys by Exotic in the USA as well as the Gateway Stream business units. These establishments are solid business platforms for the future as they are based on new global information, communication technology gateways of the 21st century.

2. Operating Environment

The major significant change in 2019 was the introduction, through Statutory Instrument 142 of 2019, of the Zimbabwe dollar (ZW$) as the sole legal tender for all domestic transactions in Zimbabwe. This development caused a general uncertainty in the economy leading to an increase in the price of commodities and services.

In August 2019, the reporting of year-on-year Inflation figures by Zimbabwe National Statistics (ZIMSTATS) was suspended, which made it difficult to officially track inflation. However, by the time of the suspension, the country had already met the conditions of a hyper-inflationary economy.

The Public Accountants and Auditors Board (PAAB) subsequently issued a public notice during the month of October prescribing the adoption of IAS 29 "Financial Reporting in Hyperinflationary Economies" for all companies with a financial year end on or after 1 July 2019.

The Group used the consumer price index published on a month by month basis by the Reserve Bank of Zimbabwe to prepare the financial statements as required by IAS 29.

3. Performance Review

During the year under review, the Group revenues grew by 62% from ZW$279.8 million in 2018 to ZW$454.6 million in 2019. Historical growth was 539% from ZW$34.3 million to ZW$219.4 million. The Group's occupancy closed at 47%, 23% below 61% recorded in 2018. The slowdown in occupancy was a result of the Group's decision to close Bulawayo Rainbow Hotel in January and February 2019 and Rainbow Towers hotel from mid-December 2019 for refurbishments. The impact of these closures was a loss of 12,100 rooms (4% occupancy). On a like-for-like basis occupancy closed at 51% above the national average occupancies of 41% reported by the Zimbabwe Tourism Authority (ZTA Q3 2019 report). Foreign revenues continued to provide a stable base for the Group's income, increasing marginally by 1% from US$11.1 million in 2018 to US$11.2 million in 2019. The e-commerce channel, which remains a critical source of foreign revenue growth further increased by 10% to US$2 million from US$1.8 million in 2018.

The average daily rate (ADR) grew by 740% from ZW$85 in 2018 to ZW$714 in 2019. Revenue per Available Room (RevPAR), which is a product of occupancy and average daily rate closed at ZW$347 in 2019 from ZW$53 during prior year. Earnings before interest, tax depreciation and amortization (EBIDTA) closed at ZW$161 million, an improvement of 113% from ZW$75.5 million recorded same period in 2018.

The growth in historical terms was 623% above $9.3 million in 2018. It is pleasing to note that EBITDA margin for the year grew by 30% from 27% in 2018 to 35% in 2019.

Profit before tax (PBT) for the year grew 6 times from ZW$45 million to ZW$256 million recorded during prior year. Historical profit before tax grew by more than 10 times from ZW$5.6 million to ZW$58.8 million for the year closed at ZW$237 million with a tax charge of ZWL$19 million.

On legacy matters, the Group finally recovered US$1.9 million owed by Capital Bank (then Renaissance Merchant Bank). Recovery was in the form of 3.6% of the issued shares in First Mutual Holdings Limited. The Group also successfully recovered US$900,000 owed by Savoy Hotel Limited in Zambia which had arisen out of a breach of a 2010 preference share subscription agreement and a management agreement.

Closure of these matters has ensured shareholders recover their lost value and the focus is now on growing shareholder value into the future in a sustainable manner.

4. Value Chain Optimization & Digitization

The Group broadened tourism value chain to not only focus on hotels. RTG successfully set up Heritage Expeditions (Private) Limited, a wholly owned local tour operations and activities entity. The company has already commenced transfer tours, quad bike safaris, white water rafting, packaging of third-party activities as well as invested in an adventure park at the Rainbow Towers Hotel in Harare. In the United States of America (USA), the company has set up Rainbow Tourism Group Incorporated, doing business as Journeys by Exotic and wholly owned by RTG Zimbabwe. This is an international tour operations entity in which the Company will be selling destinations around the world to Americans.

The Group launched the Gateway Stream, a mobile and web based application in 2018. The focus in 2019 has been to capacitate the Gateway Stream through recruiting hospitality products as well as users.

The Gateway Stream aims to create booking convenience for every hospitality and tourism transaction that takes place in Zimbabwe.

5. Product Upgrades

The Group's product refurbishment plan has been underpinned by the desire to make all our hotels world leading. To that end, the Group invested ZW$42 million (approximately US$6.2 million) into hotels refurbishment in 2019. During the first quarter of the year, the Bulawayo Rainbow Hotel was temporarily closed in an exercise which involved the upgrade of bathrooms, full replacement of the hot and cold water reticulation system, replacement of exterior windows, upgrade of soft furnishings in rooms and the replacement of guest elevators. At the Rainbow Towers Hotel, the company has undertaken a rebuilding exercise involving the gutting down and reconstruction of the entire guest rooms and bathrooms for 187 rooms. It is pleasing to note that the Rainbow Towers refurbishment exercise was completed within two months, which is a very short period given the nature of the work. Going forward, the Group will continue with the refurbishment exercise to complete the process of making all the hotels world leading.

6. Sustainability

During the year, the Group undertook a strategic decision to make steps towards complying with sustainability reporting. To achieve this, the Group has started to implement Global Reporting Initiatives (GRI) Standards for guiding sustainable practices and decisions. The Group will continue to implement sustainability initiatives which guarantee excellence, eco-friendly facilities and a life-time service experience for our guests and stakeholders.

7. Corporate Social Responsibility

Rainbow Tourism Group remains committed to playing its part as a responsible company that is mindful of the impact its business operations have to the community and the environment. It is in this regard the company participated in various initiatives within the three pillars of the Group's corporate social investment strategy – wellness and nutrition; environment mindfulness and philanthropy.

In the year under review the company maintained

its partnership with Community Capacity Building Initiative in Africa (CCBICA). At least 700 people comprising primary, high school students and teachers and community members were trained in organic horticultural productionskills. The trainings varied from awareness workshops to practical skills development. A total of 33 community champions completed a 6-month course and were equipped with the ability to also impart their new skills to others in their vicinities.

The Group responded to the devastation of Cyclone Idai in the Eastern parts of the country. A donation of ten tonnes of maize meal and blankets was presented to the Zimbabwe Red Cross Society and the Civil Protection Unit under the Ministry of Local Government, Public works and National Housing to assist the affected citizens in that region. In line with its environmental mindfulness pillar, the Group introduced a waste management program piloted at the Rainbow Towers Hotel and Conference Centre.

The initiative involves the separation of waste at source and responsible disposal. The hotel channelled 10 tonnes of non-bio degradable waste such as plastic and paper towards recycling through a local not-for-profit partner Zimbabwe Sunshine Group. The Group hosted the annual Environmental Reporter of the Year awards whose main objective is the use of the media as a tool to promote awareness and educate the public on the impact of human life on the environment and its protection.

8. Dividend

During the year, the Board of Directors declared an interim dividend of ZW$0.001 per share, amounting to $2.5 million. However, in view of the significant investment made towards upgrading the Group's hotels in 2019, the Board has resolved not to declare a second and final dividend for the year ended 31 December 2019.

9. Outlook

The Group will continue to deploy its resources towards supporting its key strategic pillars, which can be summarised as follows;

a) Capacitation of the Gateway Stream to ensure the company participates in transactions that take place in the travel and tourism space in Zimbabwe.
b) Financing the growth of Heritage Expeditions Africa to become the premier tour operations company in Zimbabwe.
c) Refurbishment of all the hotels to world leading standards.
d) Rooms expansion in Victoria Falls.

The impact of Covid 19 to the Group's operations

The Government of Zimbabwe in response to the corona virus pandemic the Gorvenment announced a number of measures to protect its citizens which include, banning entertainment centres, pubs, gatherings of more than 50 people for period up to 60 days from 20 March 2020. Further to that on 27 March the Government announced a national lockdown for 21 days effective 30 March 2020. The Group in response temporarily closed down all of its hotels during the lockdown period. The closure will have a significant impact on the Group's month of April 2020 revenues which traditionally accounts for 6% of the total annual revenues.

The Group is yet to quantify the total impact of Covid-19 pandemic on its operations. The Board is optimistic that the business will significantly recover once the pandemic is under control.

10. Acknowledgements

On behalf of the Board, I would like to thank all RTG customers and business partners for their invaluable support. I also extend my gratitude to the Board of Directors and members of staff for their dedication, professionalism and determination to succeed. Together, we will continue to innovate and seize the opportunities available to us in order to create sustainable value for all stakeholders.



A. J. MANASE
CHAIRMAN
19 March 2020

CHIEF EXECUTIVE'S REPORT



1.0 Introduction

In 2019, the Group continued to record significant growth in all important matrices of business performance. Significant growth was recorded in revenues (8 times), EBITDA (7 times), PBT (11 times) and PAT (11 times). This growth is a build-up from the 2018 performance, which led to the Group being conferred with the award for "The listed company with the highest profitability" by the Zimbabwe Quoted Companies Survey run by the Zimbabwe Independent Newspaper (Alpha Media Holdings). The Group paid a dividend for the first time since 2006, with part of the payment having been made in foreign currency.

Of significance in 2019 was the successful upgrading of the Group's hotel facilities as well as the set-up of subsidiaries to conduct tour operations and the activation of the new business: Gateway Stream. com super mobile application. These subsidiaries will transform RTG from a mere hotel Group into a diversified, tech-driven hospitality, tourism and retail business.

1.1 Global Arrivals

International tourist arrivals grew by 4% in 2019 (United Nations World Tourism Organization Tourism Barometer, 2019). The major drivers of this growth were a strong global economy, affordable air travel, increased air connectivity and enhanced visa regimes. The emergence of the novel Corona Virus (COVID-19) in the first quarter of 2020 has added to the volatility on the Global stage and the Group remains vigilant in monitoring and responding to the effects of the pandemic on the business.

1.2 Arrivals Into Rtg Hotels

During the period under review, foreign arrivals into RTG hotels grew by 4%. This was despite an 11% decline in arrivals into Zimbabwe in 2019. RTG's 4% growth was buoyed by significant growth from the major source markets, particularly Europe (39%) and Australia (21%). The Group's arrivals in 2019 were also supported by the Group's investment to attract the intra-Africa tourism segment. Intra-Africa travel and trade is becoming increasingly significant and the Group aims to grow its share of this business segment.

2. Financial Performance Review

The Group's inflation adjusted revenues closed at ZW$454.6 million in 2019 from ZW$279.8 million recorded prior year, an increase of 62%. In historical terms the revenue growth was 539% from ZW$34.3 million to ZW$219.4 million. This increase is above annual inflation which closed at 521%.

Occupancy for the period under review closed at 47% in 2019 which was 8 percentage points above the industry average. Occupancies were affected by the planned extensive refurbishment of the Group's two major hotels, Bulawayo Rainbow Hotel in the first quarter and Rainbow Towers Hotel in the final quarter, going into the first quarter of 2020. Bulawayo Rainbow Hotel, which contributes an average of 20% of the Group business was closed for two and half months during the first quarter of 2019. Rainbow Towers Hotel, which on average contributes 40% of the business, was closed on 17 December 2019, hence affecting the performance of the last two weeks of 2019.

The impact of the closure of the two hotels was a 4% decline in occupancy for the year. The business was also affected by cancellations and postponements as a direct result of disturbances due to civil protests in the month of January 2019. Business activity at all the city hotels was suspended for one week as a result.

The Group's gross margin closed at 77% during the period under review. This is a 15% improvement from 67% achieved in 2019. The Group continued employing several strategies that have yielded positive results in improving costs which include continuous monitoring of costs considering the inflationary environment. It is pleasing to note that the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) margin for the period under review grew by 11% from 27% in 2018 to 30% in 2019.

Profit before tax (PBT) for the year closed at ZW$60 million, up 20 times from ZW$2.8 million recorded in 2018. The PBT margin grew by 69% from 16% in 2018 to 27% in 2019. Profit after tax for the year closed at ZW$54 million with a tax charge of ZW$6 million.

The Group's financial position is now strong. The Group closed the year with a gearing of 21% in 2019 down from 39% in 2018. The only significant debt was the long-term debenture loan of ZW$16.7 million. In the last quarter of 2019, the Board approved the

liquidation of the debenture principal amount setting the stage for the closure of the last legacy matter for the Group. The debenture was subsequently paid up and redeemed in 2020, leaving the Group with a negligible amount of debt. The liquidation of the debenture also unlocked value for the Group's immovable assets which had been used as security for the debentures.

3. New Businesses

The Group established three business units; Heritage Expeditions (Private) Limited in Zimbabwe Journeys by Exotic, incorporated in the USA as well as the web and mobile application business, the Gateway Stream. While the focus for 2019 was setting up of the businesses, the entities managed to contribute some revenues consistent with the typical first-year performance of a new business, confirming their viability in the medium to long term.

In 2018, the Group launched the Gateway Stream, a web and mobile-based application aimed at transforming commerce in Zimbabwe and Africa through promoting online purchases and delivery of products and services. At the time of conceptualisation, Gateway Stream was focusing on hospitality related services. By 2019, Gateway Stream had listed over 12 000 rooms across 15 African countries. The Gateway Stream is now offering a fully-fledged online shopping experience that includes groceries, hardware, fast-food deliveries, car-hailing services and others. Gateway Stream's competitive edge is its ability to offer a secure payment platform, a diverse product offering as well as last mile delivery capacity to all regions in Zimbabwe.

Heritage Expeditions Africa commenced operations during the second half of the year and launched various activities which include the adventure park situated at Rainbow Towers Hotel offering activities such as zipline, abseiling and paintball shooting. In addition, the Group also launched quad bike safari operations and white-water rafting in Victoria Falls.

Journeys by Exotic was incorporated in the United States of America during the year. Since its incorporation, the Group registered significant interest from American travelers to different destinations around the world.

4. Product Upgrade

The Group's product upgrade strategy has been centred on ensuring that all our hotels are world-leading. During the year, the Group's focus was mainly on refurbishment works of its two largest hotels, Rainbow Towers Hotel and Bulawayo Rainbow Hotel at a total cost of US$7.6 million.

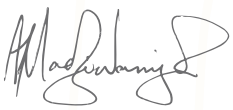
During the first quarter, the entire hot and cold-water reticulation system at Bulawayo Rainbow Hotel was overhauled. The refurbishment process also included the installation of two brand new guest elevators, the replacement of old windows with new double-glazed windows.

In the final quarter of 2019, the Group closed its flagship, Rainbow Towers Hotel for refurbishment. The refurbishment targeted 183 rooms inclusive of the presidential and diplomatic suites. This brings to 305 the total refurbished rooms at Rainbow Towers Hotel including the 122 rooms refurbished in 2018. The refurbishment exercise was the hotel's first major refurbishment since its construction in 1985.

5. Outlook

Having closed all legacy matters, the Group's focus is now on growth, as driven by an asset light, tech-driven business model. The Gateway Stream web and mobile application presents an opportunity for expansion of the business into a diversified technology-led enterprise. The fast-paced developments and changes in the business environment have continued to challenge the Group to remain dynamic and adaptive, more-so in this age of volatility, uncertainty, complexity and ambiguity.

Due to the lockdown effected in response to the COVID-19 outbreak, there has been a major shift in consumer buying trends. Before the COVID-19 outbreak, e-commerce was experiencing a steady growth in Africa. Zimbabwe has a combination of factors that are creating an enabling environment for e-commerce to take off including a financially active and engaged diaspora market as well as a high internet penetration rate on the domestic front. Through Gateway Stream, the Group will provide a unified global diversified commercial ecosystem, one that creates ownership of markets with multiple, perpetual residual cashflow streams.



.....

T. M. Madziwanyika
Chief Executive





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a subsidiary of the Rainbow Tourism Group

DIRECTORS' RESPONSIBILITY STATEMENT

Responsibilities of management and those charged with governance for the consolidated financial statements for the year ended 31 December 2019

To the members of Rainbow Tourism Group Limited and its subsidiaries

It is the Directors' responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Group. The external auditors are responsible for independently reviewing and reporting on the consolidated financial statements.

The consolidated financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRSs). The statements are based on appropriate accounting policies which are supported by reasonable and prudent judgements and estimates.

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Directors have been addressed and the Directors confirm that the systems of accounting and internal control are operating in a satisfactory manner.

In light of the current consolidated financial position, the Directors are satisfied that Rainbow Tourism Group Limited and its subsidiaries is a going concern and have continued to adopt the going concern basis in preparing the consolidated financial statements.

The Group's financial consolidated statements which are set out on page 42 to 66, in accordance with their responsibilities, approved by the Board of Directors on 19 March 2020 and are signed on its behalf by:

.....
A.J Manase
Chairman

.....
T. M. Madziwanyika
Chief Executive

These consolidated financial statements were prepared under the supervision of:

.....
Napoleon K Mtukwa
Registered Public Accountant (PAAB No. 03924)
Finance Director
Rainbow Tourism Group

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2019.

Share Capital

Effective 31 December 2019, the authorised share capital of the company remained unchanged from the previous year at ZW$250,000 divided into 2,500,000,000 ordinary shares of $0.0001 each, of which $249,549.55 divided into 2,495,495,543 ordinary shares of $0.0001 cents are in issue.

Reserves

The movement of the reserves of the Group is shown in the statement of changes in equity.

Dividends

During the course of the year the Board of Directors declared an interim dividend of ZW$0.001 per share. No final dividend was declared for the year.

Directors

Shareholders will be requested to appoint Mssrs. Arthur Johnson Manase, Munhamo Ivan Murambiwa, Kenzias Chibota and Dr. Priscilla Mujuru who were co-opted into the board during the course of the year as directors of the company.

Directors' Fees

Shareholders will be asked to approve payment of directors' fees of ZW$681,921 for the year ended 31 December 2019.

Auditors

A resolution seeking the re-appointment of Messrs. Grant Thornton Chartered Accountants (Zimbabwe) as auditors of the company until the next annual general meeting and approval of their remuneration for the past year's audit amounting to ZW$71,805 will be submitted at the Annual General Meeting.

Borrowing Powers

In terms of the Articles of Association, the company is authorised to borrow funds amounting to, but not exceeding twice the aggregate of:

i. The amount of issued and paid up share capital of the company and

ii. The total amount of capital and revenue reserves of the company including share premium.

The directors confirm that during the year under review the company's borrowings were within the above limits.

Responsibility For Financial Statements

The directors are responsible for the maintenance of adequate accounting records and the preparation of the financial information included in this Annual Report. The Financial Statements have been consistently prepared in accordance with International Financial Reporting Standards, and where required, reflect our best estimates and judgements.

To fulfill this responsibility the Group maintained systems of internal control which are designed to provide reasonable assurance that the records accurately reflect the transactions of the Group and safeguard its interests.

The Group financial statements have been prepared on the going concern basis since the directors have every reason to believe that the Group has adequate resources to continue into the foreseable future.

For and on behalf of the Board



.....

N. K. Mtukwa
Company Secretary

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CY 2619 Causeway, Harare
Zimbabwe

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www.grantthornton.co.zw

INDEPENDENT AUDITOR'S REPORT

To the members of Rainbow Tourism Group Limited and its subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rainbow Tourism Group Limited and its subsidiaries ("the Group) set out on pages 42 to 66, which comprise the statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the consolidated financial statements do not present fairly, in all material respects, the financial position of Rainbow Tourism Group Limited and its subsidiaries as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. As described in **note 28** to the consolidated financial statements, the economic environment during the year ended 31 December 2019 was characterised by 'multi-tiered' pricing, and the Group transacted predominantly in RTGS FCA (electronic payments), including mobile money, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019. The statutory instrument provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 – The Effects of Changes in Foreign Exchange Rates which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. The Group had to be guided by S.I. 41/2019 which states that in the case of any inconsistency between a local pronouncement issued

by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Group maintained its functional currency as the USD from 1 January 2019 to 22 February 2019 using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA and changed to Zimbabwe Dollar as presented in the consolidated financial statements. This constitutes a departure from the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. Had the consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 has been determined as significant. The effects on the consolidated financial statements of the non-compliance with IAS 21 are considered material and pervasive to the consolidated financial statements, taken as a whole.

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement relating to the application of IAS 29 – Financial Reporting in Hyperinflationary Economies. The PAAB advised that there is broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe had been met. The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019. However, as a result of the need to comply with the requirements of S.I. 33 of 2019, the changes in the general pricing power of the functional currency were applied on amounts that were not translated in terms of IAS 21 – The Effects of Changes in Foreign Exchange Rates for the period 1 January to 22 February 2019. This constitutes a departure from the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies.

Had the Group applied the requirements of IAS 21 and IAS 29, many of the elements of the consolidated financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be pervasive.

Emphasis of matter

We draw attention to **note 29** to the consolidated financial statements, which describes the uncertainties relating to the possible effects of the COVID-19 pandemic on the Group. The Group is unable to presently determine the impact of the Covid-19 pandemic on its operations in the year 2020. Our opinion is not modified in respect of this matter.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (cont.d)

Key Audit Matter	How our audit attracted the Key Audit Matter
Key audit matter – IFRS 16 Leases IFRS 16 replaces the existing standard IAS 17 and specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Directors adopted IFRS 16 - Leases effective 1 January 2019. The implementation of IFRS 16 is considered a key audit matter due to the judgements needed in establishing the underlying key assumptions.	• We have evaluated the application of IFRS 16 and tested the resulting impact on the statement of financial position and income statement. We have assessed whether the accounting regarding leases is consistent with the definitions of IFRS 16 including factors such as lease term, discount rate and measurement principles. • Furthermore, we have assessed the retrospective application and verified whether this is consistent with the definition and expedients of IFRS 16. We assessed the underlying assumptions used by management including assessing the appropriateness of the discount rates used in the IFRS 16 calculations. • The Group disclosed its adoption of IFRS 16 including key assumptions in the notes to the consolidated financial statements. • Based on our procedures performed and our assessment of the disclosures made, we have not identified any reportable matters.
Revenue and receivables **IFRS 15 Revenue from Contracts with Customers** • There is a presumed risk of inappropriate revenue recognition specifically identified in ISA 240 (R), 'The auditors' responsibility to consider fraud in the audit of financial statements'. This is a significant risk and accordingly a key audit matter.	• Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15 Revenue from contracts with customers. • Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period. • Our audit procedures included testing of design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • We identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Furthermore, we performed analytical procedures and assessed the reasonableness of explanations provided by management. • We satisfied ourselves that the Group's revenue is adequate and appropriate.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Statement and Company Secretary's Certificate, as required by the Companies Act (Chapter 24:03), which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual consolidated financial statements.

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the Basis for Adverse Opinion paragraph, the consolidated financial statements have been properly prepared in compliance with the requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).
The engagement partner on the audit resulting in this independent auditor's report is Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa
Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

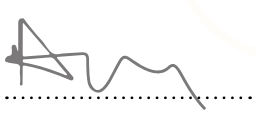
02 April 2020

HARARE

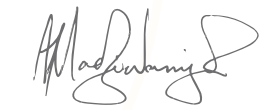
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

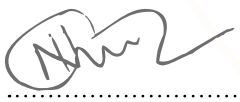
	Notes	INFLATION ADJUSTED 2019 ZW$	INFLATION ADJUSTED 2018 ZW$	HISTORICAL COST 2019 ZW$	HISTORICAL COST 2018 ZW$
ASSETS					
Non current assets					
Property and equipment	5	748 815 929	718 985 111	748 815 929	43 365 221
Intangible assets	6	1 033 336	895 871	1 033 336	296 021
Right-of use assets	7	215 705 318	-	38 460 096	-
Biological assets	8	62 758	8 096	62 758	8 096
		965 617 341	719 889 078	788 372 119	43 669 338
Current assets					
Inventories	9	54 493 163	20 640 794	12 611 083	2 338 890
Trade and receivables	10	63 315 576	38 847 012	63 315 576	6 254 048
Other financial assets	11	7 767 758	19 261 560	7 767 758	3 100 952
Bank and cash balances	12	27 278 622	8 903 954	27 278 622	1 433 463
		152 855 119	87 653 320	110 973 039	13 127 353
Total assets		1 118 472 460	807 542 398	899 345 158	56 796 691
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13.1	2 320 227	2 320 227	249 550	249 550
Share premium	13.2	85 980 173	85 980 173	10 227 505	10 227 505
Non distributable reserve	13.3	-	163 921 280	-	16 711 500
Other capital reserve	13.4	-	2 223 902	-	244 999
Revaluation reserve	13.5	-	-	572 723 225	9 316 779
Retained earnings/(accumulated loss)		771 112 232	380 529 043	57 085 050	(7 735 628)
Total equity		859 412 632	634 974 625	640 285 330	29 014 705
Non current liabilities					
Borrowings	14	13 906 250	103 654 386	13 906 250	16 687 500
Lease liabilities	7	26 540 525	-	26 540 525	-
Deferred tax	16	111 355 718	10 625 409	111 355 718	1 710 603
		151 802 493	114 279 795	151 802 493	18 398 103
Current liabilities					
Borrowings	14	5 710 941	-	5 710 941	-
Trade and other payables	15	91 638 344	53 341 265	91 638 344	8 587 503
Tax payable		3 871 703	-	3 871 703	-
Lease liabilities		1 646 700	-	1 646 700	-
Bank overdraft	12	4 389 647	4 946 713	4 389 647	796 380
		107 257 335	58 287 978	107 257 335	9 383 883
Total liabilities		259 059 828	172 567 773	259 059 828	27 781 986
Total equity and liabilities		1 118 472 460	807 542 398	899 345 158	56 796 691



A. J. Manase
Chairman



T. M. Madziwanyika
Chief Executive



N. K. Mtukwa
Finance Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2019

	Notes	INFLATION ADJUSTED 2019 ZW$	INFLATION ADJUSTED 2018 ZW$	HISTORICAL COST 2019 ZW$	HISTORICAL COST 2018 ZW$
Revenue	**17**	**454 639 452**	**279 833 816**	**219 355 239**	**34 306 229**
Cost of sales		(110 588 813)	(91 320 570)	(52 170 516)	(11 195 446)
Gross profit		344 050 639	188 513 246	167 184 723	23 110 783
Other operating income	**18**	36 863 675	27 025 480	15 434 950	3 313 189
Administrative expenses		(143 154 937)	(80 207 181)	(72 485 366)	(9 833 000)
Distribution expenses		(42 357 465)	(25 907 979)	(19 010 731)	(3 176 189)
Other operating expenses		(58 317 287)	(54 725 181)	(29 250 134)	(6 709 034)
Profit from operations		**137 084 625**	**54 698 385**	**61 873 442**	**6 705 749**
Net finance costs	**19**	(10 450 607)	(9 157 069)	(3 045 934)	(1 122 611)
Net monetary gain		129 411 587	-	-	-
Profit before tax	**20**	**256 045 605**	**45 541 316**	**58 827 508**	**5 583 138**
Income tax expense	**21**	(19 370 722)	(4 676 235)	(6 737 479)	(573 283)
Profit for the year		**236 674 883**	**40 865 081**	**52 090 029**	**5 009 855**
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Gain on property revaluation, net of tax		-	-	563 406 446	6 331 562
Other comprehensive income, net of tax		**-**	**-**	**563 406 446**	**6 331 562**
Total comprehensive income for the year		**236 674 883**	**40 865 081**	**615 496 475**	**11 341 417**
Earnings per share	**22**				
Basic earnings per share (ZW$ cents)		**9.62**	**1.66**	**2.12**	**0.20**
Headline earnings per share (ZW$ cents)		**9.62**	**1.66**	**2.12**	**0.20**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Notes	INFLATION ADJUSTED 2019 ZW$	INFLATION ADJUSTED 2018 ZW$	HISTORICAL COST 2019 ZW$	HISTORICAL COST 2018 ZW$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	**23**	**66 555 263**	**36 289 935**	**70 481 091**	**4 144 217**
Finance income		260 793	615 066	79 480	75 404
Investment income		38 518 101	26 737 402	4 721 514	3 277 872
Finance costs		(10 711 400)	(9 772 135)	(3 125 414)	(1 198 015)
Income tax paid		(15 310 158)	(1 006 167)	(1 876 946)	(123 351)
Net cash inflows generated from operating activities		**79 312 599**	**52 864 101**	**70 279 725**	**6 176 127**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments on purchase of property and equipment	**5**	(42 075 080)	(15 815 709)	(40 403 821)	(2 190 367)
Development of intangible assets	**6**	(224 795)	(519 245)	(164 080)	(187 795)
Purchase of stock market investments		-	(25 289 186)	-	(3 100 328)
Proceeds from sale of property and equipment		-	1 240 467	-	152 075
Divinded recieved		383 903	-	117 000	-
Payments on purchase of Biological assets		-	(73 094)	-	(8 961)
Proceeds from disposal of stock market investments		-	113 936	-	13 968
Lease principal repayment		(12 451 201)	-	(4 321 081)	-
Net cashflows utilised in investing activities		**(54 367 173)**	**(40 196 644)**	**(44 771 982)**	**(5 303 486)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from debentures		-	136 118 919	-	16 687 500
Repayment of borrowings from rights issue linked debentures		-	(111 263 494)	-	(13 640 349)
Proceeds from borrowings		3 999 282	-	725 000	-
Repayment of other borrowings			(3 007 023)		(368 646)
Divident paid		(10 012 974)	-	(3 980 851)	-
Capital raising transaction costs		-	(4 508 544)	-	(552 725)
Payment of overdue creditors from rights issue linke debentures		-	(66 725 849)	-	(8 180 256)
Proceeds from rights issue of ordinary shares		-	47 412 208	-	5 812 500
Net cashflows utilised in financing activities		**(6 013 692)**	**(8 766 692)**	**(3 255 851)**	**(241 976)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**18 931 734**	**3 900 765**	**22 251 892**	**630 665**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**3 957 241**	**56 476**	**637 083**	**6 418**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**12**	**22 888 975**	**3 957 241**	**22 888 975**	**637 083**

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

HISTORICAL COST

	Share capital	Share premium	Non-distributable reserve	Other capital reserve	Revaluation reserve	Retained earnings	Total equity
	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
Balance at 1 January 2018	187 050	4 477 505	16 711 500	279 999	2 985 217	(12 192 758)	12 448 513
Total comprehensive income for the year	-	-	-	-	6 331 562	5 009 855	11 341 417
Issue of shares through a rights isssue	62 500	5 750 000	-	-	-	(552 725)	5 259 775
Realisation of other capital reserve	-	-	-	(35 000)	-	-	(35 000)
Balance at 31 December 2018	249 550	10 227 505	16 711 500	244 999	9 316 779	(7 735 628)	29 014 705
Total comprehensive income for the year	-	-	-	-	563 406 446	52 090 029	615 496 475
Dividend paid	-	-	-	-	-	(3 980 851)	(3 980 851)
Realisation of non-distributable reserve	-	-	(16 711 500)	-	-	16 711 500	-
Realisation of other capital reserve	-	-	-	-	-	-	(244 999)
Balance at 31 December 2019	249 550	10 227 505	-	-	572 723 225	57 085 050	640 285 330

INFLATION ADJUSTED

	Share capital	Share premium	Non-distributable reserve	Other capital reserve	Revaluation reserve	Retained earnings	Total equity
	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
Balance at 1 January 2018	1 810 418	39 077 774	163 921 280	2 509 394	-	344 172 506	551 491 372
Total comprehensive income for the year	-	-	-	-	-	40 865 081	40 865 081
Issue of shares through a rights isssue	509 809	46 902 399	-	-	-	(4 508 544)	42 903 664
Realisation of other capital reserve	-	-	-	(285 492)	-	-	1285492
Balance at 31 December 2018	2 320 227	85 980 173	163 921 280	2 223 902	-	380 529 043	634 974 625
Total comprehensive income for the year	-	-	-	-	-	236 674 883	236 674 883
Dividend paid	-	-	-	-	-	(10 012 974)	(10 012 974)
Realisation of non-distributable reserve	-	-	(163 921 280)	-	-	163 921 280	-
Realisation of other capital reserve	-	-	-	(2 223 902)	-	-	(2 223 902)
Balance at 31 December 2019	2 320 227	85 980 173	-	-	-	771 112 232	859 412 632

GROUP STATEMENT OF ACCOUNTING POLICIES
for the year ended 31 December 2019

1 General information and statement of compliance

1.1 Nature of business and incorporation

Rainbow Tourism Group Limited, is a limited liability company incorporated and domiciled in Zimbabwe. The Company is in the tourism services industry as hoteliers and providers of conference facilities. Its registration number is 4880/91. Its registered office and principle place of business 1 Pennefather Avenues, Harare, Zimbabwe. The Company's shares are listed on the Zimbabwe Stock Exchange.

1.2 Currency

These financial statements are presented in Zimbabwean Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates.

1.3 Basis of preparation

The financial statement of the company and of the Group are prepared under the historical cost conversion. For the purpose of fair presentation in accordance with International Accounting Standard (IAS) 29 "Financial Reporting In Hyperinflationary Economies", this historical cost information has been restated for changes in the general purchasing power of the ZWL$ and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statement represent the primary financial statements of the Company and Group. The historical costs financials statements have been provided by way of supplementary information.

1.4 Statement of compliance

These financial statements have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standards Board (IASB) which includes standards and interpretations approved by IASB. These financial statements has been prepared under the assumption that the Group operates on a going concern basis.

The financial statements for the year ended 31 December 2019 (including comparatives) were approved and authorised for issue by the Board of Directors on 19 March 2020. Amendments to the financial statements are not permitted after approval.

In 2019 the Group adopted new guidance for the recognition of lease contracts in accordance with IFRS 16. This guidance was applied using a modified retrospective ('cumulative catch-up') approach under which changes doesn't have a material effect on the consolidated statement of financial position as at 1 January 2019. Accordingly, the Group is not required to present a third statement of financial position as at that date.

2 New or revised Standard or Interpretation

2.1 IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated

'For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC.The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application. On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6%. The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

2.2 'IAS 29 'Financial Reporting in Hyper-Inflationary Economies'

The Group adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index(CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors unused to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

	Index	Conversion Factor
31 December 2019	551.63	1.000
31 December 2018	88.81	6.211
31 December 2017	61.13	9.023
31 December 2016	60.59	9.105
31 December 2015	63.20	8.728
31 December 2014	56.24	9.809

3 Summary of significant policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below:

3.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of the entities with a functional currency other than the US dollar, are translated into US dollars upon consolidation. The functional currency of the Group has remained unchanged during the reporting period.

3.3 Revenue

3.3.1 Rendering of services

Revenue represents sales (excluding VAT) of goods and services net of discounts provided in the normal course of business and is recognised when services have been rendered. Revenue is derived from hotel operations and includes the sale of food and beverage and rental of rooms. Revenue is recognised when rooms are occupied and food and beverages are sold.

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

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

The Group often enters into transactions involving a range of products and services, for example for rental of rooms and sale of food and beverages. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

3.4 Other income

Other income is accrued on a time basis by reference to the principal amount outstanding and or received and effective interest rate applicable.

3.5 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.7 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

3.8 Property and equipment

Items of property and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and capital work-in-progress are not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write off their carrying value over their expected useful economic lives. It is provided on a straight line basis over the remaining useful lives at the following rates:

Buildings	2-4%
Leasehold improvements	5-20%
Furniture and equipment	10-15%
Motor vehicles	25-33%

Land & Buildings are revalued after every three years by an independent appraiser based on market evidence of the most recent prices achieved in arms length transactions of similar properties. During the course of the year , management carried out a revaluation of all the Group's assets. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

3.8.1 Impairment of property and equipment

The carrying amount of property and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment loss is recognised directly through the statement of comprehensive income when the carrying amounts of the assets exceed the fair values of the respective assets.

3.8.2 Derecognition of property and equipment

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal.

3.9 Externally acquired intangible assets

Externally acquired and internally developed intangible assets are initially recognised at historical cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The useful economic life of the Group's intangible assets are as follows:

Microsoft user rights	8 years
Mobile and web application	8 years

3.10 Recognition and measurement of leases contracts

'At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3.11 Biological assets

Biological assets are living animals that are managed by the Group. The biological assets of the Group comprise of cattle livestock. At initial recognition, biological assets are valued at fair value and where fair value cannot be reliably measured they are valued at historical cost. Fair value movements of the biological assets are recognised in profit or loss.

The Group uses valuation techniques 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.

3.12 Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Finance Director.

Significant valuation issues are reported to the Group's audit committee

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
Further information about the assumptions made in measuring fair values is included in the following notes:

3.12.1	Note 8:	Biological assets
3.12.2	Note 11:	Other financial assets

3.13 Post-employment benefits - defined contribution schemes
Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

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

3.15 Share capital
Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

3.16 Earnings per share
Earnings per share is calculated by dividing profit/ (loss) after tax by the weighted average number of shares in issue throughout the year.

3.17 Financial instruments

3.17.1 Financial assets
The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

"Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)."

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:
• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

3.17.2 Fair value through profit or loss
This category comprises only in-the-money derivatives (see financial liabilities section for out of- money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

3.17.3 Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash

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

3.17.4 Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available for- sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

3.17.5 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

3.17.6 Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see financial assets for in the money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

3.17.7 Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and other payable on maturity, as well as any interest or coupon payable while the liability is outstanding.

Liability components of convertible loan notes are measured as described further below. Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

3.17.8 Fair value measurement hierachy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

3.17.9 Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units (CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

3.17.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of bank balances and amounts due from other banks and dealing securities.

3.18 Cost of sales

Cost of sales includes the cost of materials, cost of direct labour in the production of and production of food costs.

3.19 Service stocks

Service stocks relates to linen, cutlery and cookery.

These are recognized as inventory in the statement of financial position. During the year management carried an impairment test on inventory to which ZW$ 6 041 381 (2018: 15 018 556) service stocks were

written down.

3.20 Income tax

3.20.1 Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

3.20.2 Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except: Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except: "where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets at each statement of financial position date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority. Deferred capital gains tax arises on the revalued property. The capital gains tax liability is computed on the revaluation adjustment based on rates ruling on the statement of financial position date.

4 Significant judgements in applying the Company's accounting policies

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

The following are key assumptions concerning the future, and other key sources of estimation uncertainly at the balance sheet date that have risk of causing material adjustment to the carrying amounts of asset and liabilities within the next financial year.

4.1 Trade receivables

The Group assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

4.2 Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

4.3 Valuation of property, plant and equipment

On 31 December 2019, the Group carried out a director's revaluation on all categories of property plant and equipment. The estimate and associated assumptions were based on historical information, market observable inputs and other factors that were considered relevant. The Group also assessed the useful and residual values of property plan and equipment taking into account past experience and technology changes. The useful lives are set out in note 3.10 and no changes to those useful lives have been considered necessary during the year.

5 PROPERTY PLANT AND EQUIPMENT INFLATION ADJUSTED

	Land and buildings ZW$	Leasehold improvements ZW$	Capital work in progress ZW$	Furniture and equipment ZW$	Motor vehicles ZW$	Total ZW$
Carrying amount at 1 January 2018	444 868 561	132 191 171	4 855 020	136 193 780	6 740 897	724 849 428
Additions	-	5 377 070	1 888 674	8 549 964	-	15 815 709
Disposals	-	-	(952 388)	-	-	(952 388)
Depreciation charge for the year	(5 361 254)	(2 902 173)	-	(12 154 736)	(309 475)	(20 727 638)
Carrying amount at 31 December 2018	439 507 307	134 666 068	5 791 306	132 589 008	6 431 422	718 985 111
Additions	-	4 760 665	27 821 005	8 684 964	808 446	42 075 080
Disposals	-	-	-	(353 880)	-	(353 880)
Depreciation charge for the year	(2 700 423)	(2 089 721)	-	(6 719 917)	(380 321)	(11 890 382)
Carrying amount at 31 December 2019	436 806 884	137 337 012	33 612 311	134 200 175	6 859 547	748 815 929

Land and buildings have been pledged as security for 6% non-convertible debentures as more fully disclosed in **note 14**. There is a notarial general covering bond over the Company's movable assets.

The Group's non-current assets were revalued by Directors as at 31 December 2019 using the market values to determine fair values. The markert values were the estimated amounts for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arms's length transaction.

5.1 HISTORICAL COST

	Land and buildings ZW$	Leasehold improvements ZW$	Capital work in progress ZW$	Furniture and equipment ZW$	Motor vehicles ZW$	Total ZW$
Carrying amount at 1 January 2018	22 113 561	6 570 969	146 651	6 769 931	335 077	35 936 189
Additions	-	659 202	231 542	1 281 699	-	2 172 443
Revaluation surplus	7 914 452	-	-	-	-	7 914 452
Disposals	-	-	(116 758)	-	-	(116 758)
Depreciation charge for the year	(657 263)	(355 792)	-	(1 490 110)	(37 940)	(2 541 105)
Carrying amount at 31 December 2018	29 370 750	6 874 379	261 435	6 561 520	297 137	43 365 221
Additions	-	4 760 665	27 821 005	7 013 704	808 446	40 403 820
Disposals	-	-	-	(107 851)	-	(107 851)
Revaluation	475 520 713	104 724 053	-	81 276 726	6 783 745	668 305 236
Depreciation charge for the year	(822 994)	(636 873)	-	(1 574 723)	(115 909)	(3 150 499)
Carrying amount at 31 December 2019	504 068 469	115 722 224	28 082 440	93 169 377	7 773 419	748 815 929

6 INTANGIBLE ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZW$	2018 ZW$	2019 ZW$	2018 ZW$
Opening carrying amounts	895 871	461 298	296 021	137 037
Additions	224 795	519 245	164 080	187 795
Revaluations	-	-	599 850	-
Amortisation	(87 330)	(84 672)	(26 615)	(28 811)
Closing carrying amounts	1 033 336	895 871	1 033 336	296 021

The intangible assets were revalued by the Directors as at 31 December 2019.

7 LEASES

		INFLATION ADJUSTED		HISTORICAL COST	
		2019 ZW$	1-Jan-19 ZW$	2019 ZW$	1-Jan-19 ZW$
7.1	**Right-of-use assets**				
	Cost	227 723 871	227 723 871	40 602 995	40 602 995
	Accummulated depreciation	(12 018 553)	-	(2 142 899)	-
	Equipment & Others	-	-	-	-
		215 705 318	227 723 871	38 460 096	40 602 995
7.2	**Lease liabilities**				
	Current liabilty	1 646 700	8 700 493	1 646 700	1 551 291
	Non-current liability	26 540 525	219 023 380	26 540 525	39 051 704
		28 187 225	227 723 873	28 187 225	40 602 995

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet.

Right of use asset	Lease term	Remaining term	Option for an extention
Rainbow Towers Hotel	25-30 years	18 years	Yes
Kadoma Hotel	20-25 years	19 years	Yes
New Ambassador Hotel	10-15 years	6 years	Yes

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

	Minimum lease payments due				
31 December 2019	**Within year**	**3-4yrs**	**5 years and after**	**3-4yrs**	**5 years and after**
Lease payments	3 760 042	3 760 314	3 760 314	3 760 314	26 912 430
Finance costs	(2 113 342)	(1 791 419)	(4 035 005)	(1 791 419)	(4 035 005)
Net present value	1 646 700	1 968 895	(274 691)	1 968 895	22 877 426

The Group has leases for the three hotels. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

8 BIOLOGICAL ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZW$	2018 ZW$	2019 ZW$	2018 ZW$
Opening balance	8 096	8 225	8 096	8 225
Additions	-	8 961	-	8 961
Fair value adjustment	54 662	-	54 662	
Biological assets consumed in operations	-	(9 090)	-	(9 090)
Closing balance	62 758	8 096	62 758	8 096

Measurement of fair values
The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

8.1 Risk management strategy related to agricultural activities
The Company is exposed to the following risks relating to its herd.

8.2 Regulatory and environmental risks
The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws.

8.3 Supply and demand risk
The Company is exposed to risks arising from fluctuations in the price of the cow on the market. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

8.4 Climate and other risks
The Company has put in place measures and controls to mitigate losses from the above risks. These measures and controls include, inter alia, a very comprehensive biosecurity program across the operations, insurance against theft and unnatural deaths, vaccination to prevent widespread disease and infections, continuing comprehensive herd health monitoring programs.

9 INVENTORIES

Food and beverages	6 657 897	1 204 804	4 863 053	147 703
Service stocks	44 736 234	16 276 065	5 484 439	1 803 796
Other stocks	3 099 032	3159 925	2 263 591	387 391
	54 493 163	20 640 794	12 611 083	2 338 890

10 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZW$	2018 ZW$	2019 ZW$	2018 ZW$
Trade	27 057 486	15 629 435	27 057 486	2 516 210
Less: Allowance for credit losses	(2 024 981)	(1 871 301)	(2 024 981)	(301 264)
	25 032 505	13 758 134	25 032 505	2 214 946
Other receivables	38 283 071	620 777	38 283 071	99 940
Less: Allowance for credit losses	-	(402 629)	-	(64 820)
	63 315 576	13 976 282	63 315 576	2 250 066

The fair value of trade and other receivables classified as loans and receivables is as follows:

Trade	25 032 505	13 976 282	25 032 505	2 250 066
Other	38 283 071	24 870 730	38 283 071	4 003 982
	63 315 576	38 847 012	63 315 576	6 254 048

The table below describes the credit loss allowanced recognised on balance sheet.

Trade receivables	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
Gross carrying amount	5 316 567	6 866 709	8 660 886	2 596 201	1 592 143	25 032 505
Average expected loss rate	0.5%	1.5%	2.0%	10.0%	100.0%	8.1%
Credit loss allowance	26 583	103 001	173 218	259 620	1 592 143	2 024 981

11 OTHER FINANCIAL ASSETS

Listed securities				
Balance at 1 January	3 100 998	4 162	3 100 998	624
Fair value adjustment	4 666 760	-	4 666 760	-
Investment in stocks	-	19 257 398	-	3 100 328
Closing balance	7 767 758	19 261 560	7 767 758	3 100 952
Treasury bills				
Balance at 1 January	-	86 762	-	13 968
Disposal	-	(86 762)	-	(13 968)
Closing balance	-	-	-	-
Closing balance of other financial assets	7 767 758	19 261 560	7 767 758	3 100 952

12 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZW$	2018 ZW$	2019 ZW$	2018 ZWL
Bank and cash balances	27 278 622	8 903 954	27 278 622	1 433 463
Bank overdraft	(4 389 647)	(4 946 713)	(4 389 647)	(796 380)
	22 888 975	3 957 241	22 888 975	637 083

The bank overdrafts are unsecured. The interest rates are pegged at 9% per annum.

13 SHARE CAPITAL AND RESERVES

13.1 Share capital

Authorised				
2 500 000 000 ordinary shares of ZWL 0.0001 each	250 000	250 000	250 000	250 000
Issued and fully paid				
2 495 495 543 ordinary shares of ZWL 0.0001 each	2 320 227	2 320 227	249 550	249 550

The unissued shares are under the control of the directors for an indefinite period subject to the limitations imposed by the Companies Act (Chapter 24:03), the Zimbabwe Stock Exchange and approval by members in a general meeting.

13.2 Share premium

Balance at 1 January 2019	85 980 173	39 077 834	10 227 505	4 477 505
Rights issues	-	46 902 339	-	5 750 000
Balance at 31 December 2019	85 980 173	85 980 173	10 227 505	10 227 505

13.3 Non distributable reserve

Opening balance	163 921 280	163 921 280	16 711 500	16 711 500
Transfers within reserves	(163 921 280)	-	(16 711 500)	-
Closing balance	-	163 921 280	-	16 711 500

The non-distributable reserve was as a result of currency translation in 2009 from the Zimbabwe dollar which was the functional currency as well as presentation currency up to 21 January 2009. The assets and liabilities were translated to USD using the guidance issued by Public Accountants and Auditors Board and Zimbabwe Stock Exchange in 2009. As a result of the changes in functional currency effective 22 February 2019, the non-distributable reserve has been realised through the statement of profit or loss and other comprehensive income.

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
	ZW$	ZW$	ZW$	ZW$
13.4 Other capital reserve				
Opening balance	2 223 902	4 434 584	244 999	279 999
Movement during the year	(2 223 902)	(2 210 682)	(244 999)	(35 000)
Closing balance	-	2 223 902	-	244 999

Other capital reserve is attributable to a contribution received to finance the refurbishment of the Harare International Conference (HICC). The reserve was amortised in full during the financial year.

13.5 Revaluation reserve				
Opening balance	-	-	9 316 779	2 985 217
Movement during the year	-	-	563 406 446	6 331 562
Transfers within reserves	-	-	-	-
Closing balance	-	-	572 723 225	9 316 779

Property plant and equipment were valued by the directors in December 2019.

14 BORROWINGS

14.1 14.1 Long term loans				
6% non-convertible debentures	13 906 250	103 654 384	13 906 250	16 687 500
	13 906 250	103 654 384	13 906 250	16 687 500
The current portion of the long term loans can be analysed as follows:				
6% non-convertible debentures	2 781 250	-	2 781 250	-
Total borrowings	16 687 500	103 654 384	16 687 500	16 687 500
14.2 Short term loans				
Debentures	2 781 250	-	2 781 250	-
FBC Bank Limited	2 929 691	-	2 929 691	-
	5 710 941	-	5 710 941	-

14.3 Borrowings terms

6% Non- convertible debentures

On 21 February 2018, RTG issued 6% Non-convertible dedentures with a 7 year tenure. The debenture's coupon is payable bi-annually. The instrument is listed as debt instruments on the Zimbabwe Stock Exchange. The proceeds of the instrument was used to repay overdue loans as well as payment of legacy creditots. The debenture is secured by a bond in favour of the debenture holders over Victoria Falls Rainbow Hotel, Bulawayo Rainbow Hotel and A 'Zambezi River Lodge. The Group is up to date with the debenture coupon liabilities.

Short term loans
The short term borrowings relates to a bank facility towards the purchase of transfer buses for Heritage Expeditions Africa, a tour operating arm of the Group.

15 ACCOUNTS PAYABLE

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
	ZW$	ZW$	ZW$	ZW$
Trade payables	9 256 764	39,253,877	9 256 764	6 319 550
Other payables	82 381 580	14 087 387	82 381 580	2 267 953
	91 638 344	53 341 264	91 638 344	8 587 503

16 DEFERRED TAX

Historical cost

"Deferred tax liabilities (assets)"	1 January 2019	Recognition in profit or loss account	Recognition in other comprehensive income	31 December 2019
Non current asset-PPE	(10 977 960)	-	(51 998 657)	(62 976 617)
Current assets	-	3 551 125	-	3 551 125
current liabilities- Unused tax losses	9 267 357	(9 963 353)	(51 234 230)	(51 930 226)
	(1 710 603)	(6 412 228)	117 493 060	(111 355 718)

Inflation adjusted

"Deferred tax liabilities (assets)"	1 January 2019	Recognition in profit or loss account	Recognition in other com-prehensive income	31 December 2019
Non current asset-PPE	(68 189 585)	-	(51 998 657)	(120 188 242)
Current assets	-	3 551 125	-	3 551 125
current liabilities- Unused tax losses	57 564 176	(11 035 137)	(41 247 640)	5 281 400
	(10 625 409)	(7 484 012)	(93 246 296)	(111 355 718)

The amounts recognised in other comprehensive income relate to revaluation of land and building the income tax relating to these components of other comprehensive income. All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

17 REVENUE

Rooms revenue	222 454 276	133 256 877	107 329 994	16 336 628
Food, beverages and conferencing	221 767 874	142 245 449	106 998 952	17 438 582
Other operating activities	10 417 302	4 331 490	5 026 293	531 019
	454 639 452	279 833 816	219 355 239	34 306 229

Revenue represents amounts invoiced for sales, less value added tax as appropriate.

18 Other operating income

Rental Income	2 553 923	2 514 580	1 069 336	308 275
Other sundry income	34 309 752	24 510 900	14 365 614	3 004 914
	36 863 675	27 025 480	15 434 950	3 313 189

The biulk of other income is the gain recorded on listed securities investments.

19 NET FINANCE COSTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
	ZW$	ZW$	ZW$	ZW$
Finance income	260 793	615 066	79 480	75 404
Finance cost	(10 711 400)	(9 772 135)	(3 125 414)	(1 198 015)
	(10 450 607)	**(9 157 069)**	**(3 045 934)**	**(1 122 611)**

20 PROFIT BEFORE TAX

Profit before tax is arrived at after taking into account the following:

Income				
Dividend received	383 903	-	117 000	-
Expenses				
Staff costs	215 492 274	84 841 195	65 674 455	10 401 107
Audit fees	235 608	585 709	71 805	71 805
Inventoty write down	6 041 381	10 859 333	1 841 200	1 331 300
Depreciation of property and equipment	(23 996 267)	(20 812 310)	(5 320 013)	(2 569 916)
Directors' emoluments:	-			
For services as directors	2 237 532	1 001 264	681 921	122 750
For managerial services	42 239 358	11 505 868	12 873 068	1 410 562
Operating lease expenses	-	14 779 664	-	1 811 913
Exchange loss	(11 523 674)	(630 164)	(3 512 010)	(77 255)
Profit on disposal of equipment	-	288 079	-	35 317

21 INCOME TAX EXPENSE

Current tax	(3 871 703)	-	(3 871 703)	-
Intermidiary money transfer tax	(14 491 492)	(1 006 167)	(1 858 249)	(123 351)
Deferred tax	(1 007 527)	(3 670 068)	(1 007 527)	(449 932)
	(19 370 722)	**(4 676 235)**	**(6 737 479)**	**(573 283)**
Deferred tax rate reconciliation				
Accounting profit	236 674 883	40 865 081	52 090 029	5 009 855
Tax at 25.75%	60 943 782	10 522 758	13 413 183	1 290 038
Non-deductable differences	(61 951 309)	(14 192 826)	(14 420 710)	(1 739 970)
	(1 007 527)	**(3 670 068)**	**(1 007 527)**	**(449 932)**

		INFLATION ADJUSTED		HISTORICAL COST	
		2019	2018	2019	2018
22	**EARNINGS PER SHARE**	ZW$	ZW$	ZW$	ZW$
	22.1 Basic earnings per share				
	Numerator				
	Profit for the year and earnings used in basic EPS (cents)	23 667 488 284	4 086 508 100	5 209 002 945	500 985 500
	Denominator	'000s	'000s	'000s	'000s
	Weighted average number of shares used in basic EPS	2 459 537 000	2 459 537 000	2 459 537 000	2 459 537 000
	Basic earnings per share (ZW$ cents)	9.62	1.66	2.12	0.20
	22.2 Headline earnings per share				
	Numerator				
	Profit for the year and earnings used in basic EPS	23 667 488 284	4 086 508 100	5 209 002 945	500 985 500
	Profit on sale of assets	-	-	-	-
		23 667 488 284	4 086 508 100	5 209 002 945	500 985 500
	Denominator	'000s	'000s	'000s	'000s
	Weighted average number of shares used in basic EPS	2 459 537 000	2 459 537 000	2 459 537 000	2 459 537 000
	Headline earnings per share (ZW$ cents)	9.62	1.66	2.12	0.20

		INFLATION ADJUSTED		HISTORICAL COST	
		2019 ZW$	2018 ZW$	2019 ZW$	2018 ZW$
23	**CASH FLOW INFORMATION**				
	Profit before tax	256 045 606	45 541 316	58 827 508	5 583 138
	Adjusted for:				
	Depreciation of property and equipment	23 996 265	20 812 310	5 320 013	2 569 916
	Non-cash other income	(67 376 687)	(24 050 754)	(10 609 355)	(3 271 683)
	Profit on disposal of property & equipment	-	(288 079)	-	(35 315)
	Monetary gains	(129 411 587)	-	-	-
	Exchange loss	(7 125 088)	-	(2 095 614)	-
	Finance costs	10 711 400	9 772 135	3 125 414	1 198 015
	Finance income	(260 793)	(615 066)	(79 480)	(75 404)
	Operating profit before working capital changes	**86 579 116**	**51 171 862**	**54 488 486**	**5 968 667**
	(Increase)/decrease in inventories	(33 852 369)	1 631 584	(10 272 193)	200 024
	Increase in accounts receivables	(24 468 563)	(4 123 243)	(57 061 525)	(505 489)
	Increase/(decrease) in accounts payables	38 297 079	(12 390 268)	83 326 323	(1 518 985)
	Cash generated from operations	**66 555 263**	**36 289 935**	**70 481 091**	**4 144 217**

24 RELATED PARTY INFORMATION

Volume of transactions with related parties
The aggregate amount brought to account in respect of the following types of transactions and each class of related party involved were:

Volume of transactions with related parties
The aggregate amount brought to account in respect of the following types of transactions and each class of related party involved were:

24.1 Compensation to key management				
Short term benefits	42 239 358	11 505 868	12 873 068	1 410 562
24.2 Non - executive directors				
Fees	2 237 532	1 001 264	681 921	122 750

The non - executive directors do not receive pension entitlements from the Group.

24.3 Loans to key management

Loans	3 679 058	142 134	3 679 058	142 134

The loans relates to Motor Vehicle that the company offers to its employees. The loans attract interest which ranges between 6% and 9% per annum.

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the Group. They include the Chief Executive, Finance Director and other senior management of the Group.

24.4 Group structure

The Group comprises the following companies:

Name	Business	Location	Shareholding 2019	Shareholding 2018
Rainbow Tourism Group Limited	Hotelier	Zimbabwe	100%	100%
Heritage Expeditions (Private) Limited	Tour Operation	Zimbabwe	100%	0%
Victoria Falls Quads	Tour Operation	Zimbabwe	100%	0%
Rainbow Tourism Group Limited (Incorporated in Zimbabwe)	Non-Resident Company	South Africa	100%	100%
Rainbow Tourism Group (SA) Proprietary Limited	Marketing Office	South Africa	100%	100%
Rainbow Tourism Group Limited Incorporated Doing business as (DBA) Journeys By Exotic	Tour Operation	United States Of America	100%	0%

25 RETIREMENT BENEFITS

25.1 Catering Industry Pension Fund (NEC) - Zimbabwe

This is a defined contribution scheme which covers employees in specified occupations of the catering industry. The majority of employees of the Group are members of the fund

Contribution for the year ZW$	90 350	86 878

25.2 **National Social Security Authority Scheme (NSSA) - Zimbabwe**

This is a defined contribution scheme legislated under the National Social Security Act (1989). The Group's obligations are limited to specific contributions as legislated from time to time, and are currently 3% of pensionable income per month per employee.

Contribution for the year ZW$	198 700	167 044

25.3 **RTG PENSION-Zimbabwe**

This is a defined contribution scheme which covers supervisory and managerial employees. Contributions by both the company and employees amount to 10% and 5% of basic salary respectively for all employees until 31 July 2015. The employer's contribution was revised down to 6.5% effective 1 August 2015. The Group applied for a 2 year pension holiday effective In 1 August 2017 - 31 July 2019. The Group resumed the contributions after the expiry of the pension holiday.

Contributions for the year ZW$	497 079	-

26 FINANCIAL RISK MANAGEMENT

The main risks facing the Group are treasury risk, credit risk, liquidity, exchange rate and cash flow risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

a) Accounts receivable
b) Cash at bank
c) Other financial asset
d) Borrowings
e) Accounts payable

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

26.1 Treasury risk

The Audit and Finance Committee, made up of executive and non-executive directors, meets regularly to consider and analyse, among other issues, currency and interest rate exposures and to re-evaluate treasury risk management strategies against prevailing economic forecasts. Compliance with Group policies and exposure limits is reviewed at regular board meetings.

26.2 Liquidity risk

The Group has a borrowing capacity of ZWL$ 1,280,570,661 of which 99% was unutilised as at 31 December 2019. This together with cash generated from operations is adequate to enable the Group to meet its day-to day expenses and service charges as they fall due.

26.3 Credit risk

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions. The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The group's policy is to deal only with credit worthy counterparties. The credit terms range between 7 and 30 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Service customers are required to pay the annual amount of the service upfront, mitigating the credit risk.Trade receivables consist of a large number of customers in various industries and geographical areas.Security.Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on the trade receivables balance.In addition, the group does not hold collateral relating to other financial assets (eg derivative assets,cash and cash equivalents held with banks)..

26.4 Interest rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.Longer-term borrowings are therefore usually at fixed rates. At 31 December 2019, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

26.5 Exchange risk

The Group is exposed to foreign currency fluctuations as it accrues foreign currency-denominated liabilities in its business activities. It is exposed to such foreign currency fluctuations to the extent that such liabilities are not matched by foreign currency receipts from operations.

A summary of the financial instruments held by category is provided below:

Financial assets

	INFLATION ADJUSTED		
	Fair value through profit or loss	**Loans and receivables**	**Held to maturity**
	2019	**2019**	**2019**
	ZW$	**ZW$**	**ZW$**
Bank and cash balances	27 278 622	27 278 622	-
Trade and other receivables	63 315 576	63 315 576	-
Quoted shares	7 767 758	-	-
	98 361 956	90 594 198	-

	HISTORICAL COST		
	Fair value through profit or loss	**Loans and receivables**	**Held to maturity**
	2019	**2019**	**2019**
	ZW$	**ZW$**	**ZW$**
Bank and cash balances	27 278 622	27 278 622	-
Trade and other receivables	63 315 576	63 315 576	-
Quoted shares	7 767 758	-	-
	98 361 956	90 594 198	-

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial assets which potentially subject the Group to concentrations of credit risk consist primarily of cash and trade receivables. The Group's cash and cash equivalents are placed with high quality financial institutions. The credit risk with respect to trade receivables is limited as a result of the spread of balances owing to various customers who are in different sectors of the economy.

26 FINANCIAL RISK MANAGEMENT (continued)

Financial instruments measured at fair value

	Level 1		Level 2		Level 3	
	2019	2018	2019	2018	2019	2018
	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
Equity investments	7 767 758	19 261 560	-	-	-	-

Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Group faces, the Group's policy has been throughout the year ended 31 December 2013, to maintain substantial unutilised facilities.

	Up to 3 months	Between 3 and 12 months	Between 12 and 24 months	Over 2 years	Total
	2019	2019	2019	2019	2019
	ZW$	ZW$	ZW$	ZW$	ZW$
Trade and other payables	-	91 638 344	-	-	91 638 344
Borrowings	16 687 500	(10 976 559)	-	-	5 710 941
Bank overdrafts	4 389 647	-	-	-	4 389 647
	21 077 147	80 661 785	-	-	101 738 932

27 MANAGEMENT OF CAPITAL

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within its net debts, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations; capital includes equity attributable to the equity holders of the parent.

The debt-to-adjusted-capital ratios at 31 December 2018 and at 31 December 2019 were as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
	ZW$	ZW$	ZW$	ZW$
Trade and other payables	91 896 366	53 341 265	91 896 366	53 341 265
Borrowings	19 617 191	103 654 386	19 617 191	-
Less: cash and cash equivalents	(23 080 217)	(8 903 954)	(23 080 217)	(3 957 241)
Net debt	88 433 340	148 091 697	88 433 340	49 384 024
Total equity	859 412 632	634 974 625	640 285 330	29 014 705
Capital and net debt	947 845 972	783 066 322	728 718 670	78 398 729
Adjusted gearing ratio	9%	19%	12%	63%

28 FAIR VALUE DETERMINATION OF TRANSACTIONS, ASSETS AND LIABILITIES

The determination of fair values presented in the financial statements is affected by the prevailing economic environment. During the course of the year the Company traded in both local ZW$ and in foreign currency. Foreign currency revenue contribution closed on 50% to total revenues for the year. The official rate between the US dollar and ZW$ balances was pegged officially at 1:1 for the two months (January & February of 2019). On 20 February the government of Zimbabwean promulgated SI 33 of 2019 which prescribed the ZW$ as the sole currency of reference. The Group adopted the ZW$ as the reported currency effective 1 March 2019. Transactions done for the period January and February 2019 were not restated as they were transalated at the prevailing exchange of 1:1.

29 EVENTS AFTER THE REPORTING PERIOD

The first quarter of 2020 saw the emergence and spread of the COVID-19 pandemic, which has affected and claimed lives globally. To curb the spread of the virus in Zimbabwe, Government promulgated, on 28 March 2020, Statutory Instrument 83 of 2020, Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) Order 2020 (SI 83 of 2020). SI 183 of 2020 provided for, inter alia, a national lockdown and closure of all busines activities, save for essential services for a period of 21 days from 30 March 2020 up to 19 April 2020. In compliance with this regulation, the Group temporarily closed all of its hotel operations. The temporary closure of hotels in this period will have a significant impact on the Group's business for the month of April, which traditionally accounts for 6% of the total annual revenues. Considering the evolving nature of developments surrounding COVID-19, it is still too early to estimate the full impact of the pandemic on the Group's operations beyond the lockdown period. The Board remains confident that the business will recover once the pandemic is under control.

30 The financial statements were approved by the board for issue by 19 March 2020.

RAINBOW TOURISM GROUP LIMITED
TOP 20 SHAREHOLDERS AS AT 31 DECEMBER 2019

	SHAREHOLDER	SHARES	%
1	NATIONAL SOCIAL SECURITY AUTHORITY	1,677,717,254	67.23
2	HAMILTON & HAMILTON TRUSTEES LTD,	604,657,868	24.23
3	MINISTRY OF MINES ENVIRONMENT AND TOURISM	83,402,508	3.34
4	LAAICO - FCA NON-RES	60,000,000	2.40
5	PINNACLE INVESTMENTS (PRIVATE) LIMITED	15,521,167	0.62
6	GURAMATUNHU FAMILY TRUST	2,867,789	0.11
7	OLD MUTUAL LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED	2,535,990	0.10
8	MADZIWANYIKA, TENDAI MACGERALD	2,502,942	0.10
9	MANO, EVELYN	1,942,625	0.08
10	ANNES SUPERMARKET	1,466,251	0.06
11	HOFER KURT	1,304,144	0.05
12	BLAGOJEVIC, GORAN	1,217,648	0.05
13	M K FAMILY TRUST,	1,002,947	0.04
14	ENOS AND FARISAI CHUMA	983,351	0.04
15	KOPI, COLZA M	852,553	0.03
16	SAMURIWO, TICHAONA	706,052	0.03
17	MAHOMVA, LEONARD	568,369	0.02
18	MACRAE, CRAIG	404,970	0.02
19	MASIMBA MTIZE	400,000	0.02
20	RAYTON TRADING	396,792	0.02
TOP 20 SHAREHOLDERS		**2,459,654,428**	**98.56**
OTHER SHAREHOLDERS		**35,841,115**	**1.44**
TOTAL SHARES IN ISSUE		**2,495,495,543**	**100**

GRI Content Index

GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General DisclWosures 2016	Organizational profile				
	102-1 Name of the organization	i			
	102-2 Activities, brands, products, and services	3, 6-7			
	102-3 Location of headquarters	72			
	102-4 Location of operations	2, 3, 19			
	102-5 Ownership and legal form	3, 63, 68			
	102-6 Markets served	3, 6			
	102-7 Scale of the organization	23, 49			
	102-8 Information on employees and other workers	23			
	102-9 Supply chain	21			
	102-10 Significant changes to the organization and its supply chain	21			
	102-11 Precautionary Principle or approach	20			
	102-12 External initiatives	16			
	102-13 Membership of associations	23			
	Strategy				
	102-14 Statement from senior decision-maker	31-35			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	1			
	Governance				
	102-18 Governance structure	13, 15			
	Stakeholder engagement				
	102-40 List of stakeholder groups	17			
	102-41 Collective bargaining agreements	25			
	102-42 Identifying and selecting stakeholders	17			
	102-43 Approach to stakeholder engagement	17-18			
	102-44 Key topics and concerns raised	18			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	63			
	102-46 Defining report content and topic Boundaries	2,19			
	102-47 List of material topics	19			
	102-48 Restatements of information	2			
	102-49 Changes in reporting	2	This is the first report prepared in accordance with the GRI Standards		
	102-50 Reporting period	2, 19			
	102-51 Date of most recent report	2			
	102-52 Reporting cycle	2, 19			
	102-53 Contact point for questions regarding the report	2			
	102-54 Claims of reporting in accordance with the GRI Standards	2, 19			
	102-55 GRI content index	69			
	102-56 External assurance	2			

GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 27**			
	103-2 The management approach and its components	**27**			
	103-3 Evaluation of the management approach	**27-28**			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	**27-28**			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 26, 32-33**			
	103-2 The management approach and its components	**26**			
	103-3 Evaluation of the management approach	**26**			
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 21**			
	103-2 The management approach and its components	**21, 26**			
	103-3 Evaluation of the management approach	**26**			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	**26**			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 25**			
	103-2 The management approach and its components	**25**			
	103-3 Evaluation of the management approach	**25-26**			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	**26**			
	302-2 Energy consumption outside of the organization	**25**			
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 25**			
	103-2 The management approach and its components	**25**			
	103-3 Evaluation of the management approach	**25**			
Effluents and Waste					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 25**			
	103-2 The management approach and its components	**25**			
	103-3 Evaluation of the management approach	**25**			
	306-2 Waste by type and disposal method	**25**			
	103-3 Evaluation of the management approach				
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 22**			
	103-2 The management approach and its components	**22**			
	103-3 Evaluation of the management approach	**23**			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	**23**			

GRI Standard	Disclosure	Page number(s)	Omission		
Labor/Management Relations					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 22-23**			
	103-2 The management approach and its components	**19, 22-23**			
	103-3 Evaluation of the management approach	**19, 22-23**			
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 24**			
	103-2 The management approach and its components	**24**			
	103-3 Evaluation of the management approach	**24**			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	**24**			
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19,22-23**			
	103-2 The management approach and its components	**22-23**			
	103-3 Evaluation of the management approach	**23**			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	**23**			
	404-2 Programs for upgrading employee skills and transition assistance programs				
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 25**			
	103-2 The management approach and its components	**25**			
	103-3 Evaluation of the management approach	**25**			
Security Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19,22**			
	103-2 The management approach and its components	**22**			
	103-3 Evaluation of the management approach	**22**			
Human Rights Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 25**			
	103-2 The management approach and its components	**25**			
	103-3 Evaluation of the management approach	**25**			
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 26**			
	103-2 The management approach and its components	**26**			
	103-3 Evaluation of the management approach	**26**			
Customer Privacy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 22**			
	103-2 The management approach and its components	**22**			
	103-3 Evaluation of the management approach	**22**			

GRI Standard	Disclosure	Page number(s)	Omission		
Socioeconomic Compliance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	**19, 21**			
	103-2 The management approach and its components	**21**			
	103-3 Evaluation of the management approach	**21**			

CORPORATE INFORMATION

Head Office
1 Pennefather Ave
Harare

Registered Office
Rainbow Towers and Conference Centre
1 Pennefather Ave
Harare

Legal Practitioners
Mawere Sibanda Commercial Lawyers
10th Floor, Chiedza House
Corner First Street and Kwame Nkrumah Ave
Harare

Principal Bankers
CBZ Bank Limited
45 Nelson Mandela Avenue
Harare

Auditors
Grant Thornton
Chartered Accountants (Zimbabwe)
Camelsa Business Park
135 Enterprise Road
Highlands
Harare

Transfer Secretaries
First Transfer Secretaries (Private) Limited
1 Armagh Ave
Eastlea

Sustainability Advisors
Institute for Sustainability Africa
22 Walter Hill Ave
Eastlea
Harare

RogueXD RTG20028041

RAINBOW TOURISM GROUP LTD

NOTICE OF AGM

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting ("AGM") of the shareholders of Rainbow Tourism Group Limited ("the Company") will be held on Monday 24 August 2020 at 1200hrs. Shareholders are being advised that in light of the current lockdown regulations that prohibit gatherings of more than 50 people and the need to address other hygiene matters due to the COVID-19 pandemic, the Company will hold a virtual meeting, details of which will be communicated to shareholders in due course. The agenda of the meeting is set out below:

The AGM shall transact the following business,

A. CONSTITUTION OF MEETING

1. To table forms of proxy
2. To declare the meeting constituted
3. Confirmation of Minutes of Previous Annual General Meeting

B. SPECIAL BUSINESS

TO PASS, AS AN ORDINARY RESOLUTION

1. That the Company be authorized to hold the 2020 annual general meeting virtually, that is to say a meeting at which the members can hear and see each other by electronic means although they are not physically present at the meeting and that proxies for such meeting may be sent electronically, that is to say using the Company's designated email address.

TO PASS, AS A SPECIAL RESOLUTION,

2. That the Company amend its articles of association to insert the following;

2.1 To insert after Article 54, Article 54B which shall read as follows;
"The directors may, whenever they think fit and subject to the requirements of the Companies and Other Business Entities Act, elect that an annual general meeting, extraordinary general meeting or any other shareholders meeting be held virtually, that is to say a meeting at which the members can hear and see each other by electronic means although they are not physically present at the meeting. The directors are empowered to adopt any such procedural measures as may give effect to this resolution."

2.2 To add a second sentence to Article 77, which shall read as follows;
"A proxy may be sent electronically, that is to say using the Company's designated email address."

C. ORDINARY BUSINESS

3. FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS

To receive and adopt the financial statements and the reports of directors and auditors for the year ended 31 December 2019.

4. DIRECTORS' FEES

To approve the fees paid to the directors for the year ended 31 December 2019.

5. DIVIDEND

To confirm an interim dividend of ZW$0.001per share paid to shareholders for the half year ended 30 June 2019, as recommended by the board. No final dividend was declared for the year.

6. DIRECTORATE

6.1 To elect the following director, Mr. Arthur Johnson Manase, who was coopted as a director of the company in accordance with Article 106 of the company's articles of Association.

6.2 To elect the following director, Mr. Munhamu Ivan Murambiwa, who was coopted as a director of the company in accordance with Article 106 of the company's articles of association.

6.3 To elect the following director, Mr. Kenzias Chibota, who was coopted as a director of the company in accordance with Article 106 of the company's articles of association.

6.4 To elect the following director, Dr. Priscilla Mujuru, who was coopted as a director of the company in accordance with Article 106 of the company's articles of association.

Unless otherwise resolved, each Director will be elected separately. Brief Profiles of these individuals are included in the Annual Report.

7. AUDITORS

To fix the remuneration for the auditors for the past audit and to re-appoint Messrs. Grant Thornton Chartered Accountants (Zimbabwe) as auditors until the next Annual General Meeting. Messrs. Grant Thornton Chartered Accountants (Zimbabwe) have been external auditors of the company for eight years, since 2012.

ATTENDANCE, PROXIES AND VOTES

Details of the Virtual AGM will be sent by our transfer secretaries, First Transfer Secretaries (Pvt) Ltd through email to shareholders as well as publication in the press. Shareholders are advised to update their contact details with the transfer secretaries on the following contacts:

First Transfer Secretaries (Private) Limited 1ArmaghAvenue Eastlea, Harare
Telephone: +263 242 782869/7 Email : info@fts-net.com

Shareholders are encouraged to pre-register on the online portal that will be provided by the transfer secretaries and submit their proxy forms at least 48 hours before the meeting. In order to ensure full consultations and shareholders participation, all queries/questions must be submitted to the Company and/or transfer secretaries at least 48 hours before the meeting. All the submitted questions will be read out and answered during the meeting by the Chairman and the Directors. A member of the company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and on a poll, vote in his/her stead. A proxy need not be a member of the company. Proxy forms should be submitted at least 48 hours before the commencement of the meeting.

A Special Resolution is required to be passed by a majority of seventy five percent of those present and voting (including proxy votes), representing not less than twenty five percent of the total number of votes in the Company.

Please be advised that the 2019 Annual Report can be accessed on the company's website: https://rtgafrica.com/full-year-reports/, (which includes the financial statements, Directors' and Auditors' Report as well as other reports) shall be emailed to those shareholders whose email addresses are on record.

By order of the board



NAPOLEON. K MTUKWA
COMPANY SECRETARY

RogueXD RTG20028051

RAINBOW TOURISM GROUP LTD

FORM OF PROXY

The Secretary
Rainbow Tourism Group Limited
TO BE SENT VIA EMAIL to napoleon.mtukwa@rtg.co.zw

I/We ..... of ..... being a member of Rainbow Tourism Group Limited (the Company) hereby appoints....., or failing him/her, the Chairman of the meeting as my/our proxy to attend and speak for me/us on my/our behalf at the Annual General Meeting of the Company to be held virtually on the 24th of August 2020 and at any adjournment thereof and to vote or abstain from voting as indicated below on the resolutions to be considered at the said meeting.

SPECIAL BUSINESS

		FOR	AGAINST	ABSTAIN
AS AN ORDINARY RESOLUTION,				
1.	That the Company be authorized to hold the 2020 annual general meeting virtually, that is to say a meeting at which the members can hear and see each other by electronic means although they are not physically present at the meeting and that proxies for such meeting may be sent electronically, that is to say using the Company's designated email address.			
AS A SPECIAL RESOLUTION				
2.	That the Company amend its articles of association to insert on Article 54B which shall read as follows; "The directors may, whenever they think fit and subject to the requirements of the Companies and Other Business Entities Act, elect that an annual general meeting, extraordinary general meeting or any other shareholders meeting be held virtually, that is to say a meeting at which the members can hear and see each other by electronic means although they are not physically present at the meeting. The directors are empowered to adopt any such procedural measures as may give effect to this resolution."			
AS A SPECIAL RESOLUTION				
3.	That the Company amend its articles to add a second sentence to Article 77, which shall read as follows; "A proxy may be sent electronically, that is to say using the Company's designated email address."			

ORDINARY BUSINESS

AS ORDINARY RESOLUTIONS				
4.	To receive and adopt the financial statements and the reports of directors and auditors for the year ended 31 December 2019.			
5.	To approve the fees paid to the directors for the year ended 31 December 2019.			
6.	To confirm an interim dividend of ZW$0.001 per share paid to shareholders for the half year ended 30 June 2019, as recommended by the board.			
7.	To elect the following director, Mr. Arthur Johnson Manase, who was coopted as a director of the company in accordance with Article 106 of the company's Articles of Association.			
8.	To elect the following director, Mr. Munhamu Ivan Murambiwa, who was coopted as a director of the company in accordance with Article 106 of the company's Articles of Association.			
9.	To elect the following director, Mr. Kenzias Chibota, who was coopted as a director of the company in accordance with Article 106 of the company's Articles of Association.			
10.	To elect the following director, Dr. Priscilla Mujuru, who was coopted as a director of the company in accordance with Article 106 of the company's Articles of Association.			
11.	To fix the remuneration for the auditors for the year ended 31 December 2019.			
12.	To re-appoint Messrs. Camelsa Grant Thornton Chartered Accountants as auditors for the ensuing financial year.			

Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain at his/her discretion.
Signed at ..... this .....day of **AUGUST 2020**
Signature of member .....
Number of Shares.....

NOTES

1. This proxy form should be sent via email to the Company Secretary on the email napoleon.mtukwa@rtg.co.zw, not later than forty –eight hours before the time of the meeting.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and speak in his stead. A proxy need not be a member of the company.


Cool Down
With our Refreshing signature
cocktail Rainbow Splash

NOTES

NOTES

Registered Office
Rainbow Towers Hotel and Conference Centre
No. 1 Pennefather Avenue
Samora Machel Avenue West, Harare

Email: reservations@rtg.co.zw / res@rtgrsa.co.za
Website: www.rtgafrica.com
Skype: rtgreservations
Facebook: RTG Central reservations