

TRUWORTHS

ZIMBABWE LIMITED

Incorporated in Zimbabwe in 1957, under Company Registration Number 602/57

**TRUWORTHS ZIMBABWE LIMITED A COMPANY
INCORPORATED IN ZIMBABWE, UNDER COMPANY
REGISTRATION NUMBER 602/57 AND ITS SUBSIDIARIES,
NAMELY, TOPIC STORES (PRIVATE) LIMITED AND
BRAVETTE MANUFACTURING COMPANY (PRIVATE)
LIMITED (UNDER CORPORATE RESCUE) – CR23/24**

CORPORATE RESCUE PLAN

Return Date: 20 November 2024

Table of Contents

ABBREVIATIONS	
INTRODUCTION	I
DISCLAIMER	I
CONFIDENTIALITY	III
CORPORATE INFORMATION	V
BRANCH NETWORK	VI
EXECUTIVE SUMMARY	VIII
1. INTERPRETATION AND PRELIMINARY	1
2. COMPANY BACKGROUND	6
3. SUMMARY OF THE CORPORATE RESCUE PROCESS	8
4. COMPANY INFORMATION	10
5. INDUSTRY OVERVIEW AND SUMMARY RESULTS OF DUE DILIGENCE	13
6. STEPS TAKEN SINCE THE APPOINTMENT OF THE CORPORATE RESCUE PRACTITIONER	17
7. CORPORATE RESCUE PLAN FOR CONSIDERATION	20
8. CORPORATE RESCUE PROCESS ON CRAFTING THE RESCUE PLAN	24
9. BUSINESS STRATEGY AND FINANCIAL PROJECTIONS	27
10. UNDERTAKINGS AND WARRANTIES	28
11. CONSIDERED VIEW OF THE CORPORATE RESCUE PRACTITIONER	29
12. DECLARATION OF THE CORPORATE RESCUE PRACTITIONER	29
ANNEXURES	30

List of Tables

Table 1: List of Abbreviations.....	
Table 2: Corporate Information	v
Table 3: Truworths Stores.....	vi
Table 4: Topics Stores.....	vi
Table 5: Number 1 Stores.....	vii
Table 6: Proposed Capital Injection.....	ix
Table 7: Summary of Distribution Levels	x
Table 8: Calendar of Events.....	8
Table 9: Creditors Committee Meetings	8
Table 10: Truworths Zimbabwe Limited Directors.....	10
Table 11: Topics Stores Directors	10
Table 12: Bravette Manufacturing Company Directors	11
Table 13: Statement of Affairs as at 7 August 2024 (USD)	11
Table 14: Creditors of the Company as at the Commencement Date (07 August 2024).....	12
Table 15: Operational Stages	15
Table 16: Summary of Key Financial Metrics (2019 – 2023).....	15
Table 17: Statement of affairs at the time of filing for corporate rescue and following Due Diligence	16
Table 18: Ratification of Functional / Operating Agreements	17
Table 19: Distribution to Creditors under Valfin offer	22
Table 20: Distribution to Creditors under liquidation option	23
Table 20: Comparison of Possible Way Forward Options.....	24

Table 22: Total amount floated as Debentures	25
Table 23: Summary of Debentures	25
Table 24:Key Ratios	27
Table 25:Income Statement	27
Table 26: Statement of Financial Position	28

List of Figures

Figure 1: Truworhts' Footprint	vi
Figure 2: Truworhts Zimbabwe Limited shareholding structure	10

List of Annexures

Annexure A	Corporate Rescue Practitioner's Certificate of Appointment
Annexure B	List of Creditors
Annexure C	Truworhts Financial Projections

ALL CREDITORS, SHAREHOLDERS AND OTHER AFFECTED PERSONS RELATING TO THE PUBLICATION OF A PROPOSED CORPORATE RESCUE PLAN IN THE MATTER OF TRUWORTHS ZIMBABWE LIMITED REGISTRATION NUMBER: 602/57.

This document is a Circular to Creditors, Shareholders, and other Affected Persons relating to a proposed Corporate Rescue Plan prepared in terms of **Sections 142 and 143 of the Insolvency Act [Chapter 6:07]** ("the Act")¹, as amended ("the Insolvency Act") and incorporates:

- (i) Important dates, times and venue schedule, stipulating the dates, times and venue of the Meeting;
- (ii) All relevant and statutory information required in terms of the provisions of **Section 143** of the Act; and
- (iii) Power of attorney forms for Creditors, Shareholders and Affected Persons:
 - If you are in any doubt as to the action you should take, please consult your legal, or any other professional advisor immediately.
 - If you are unable to attend the Meeting to be held on the date, at the time and at the venue stipulated in the Important Dates, Time and Venue schedule of this Circular in respect of the Meetings pertaining to the Company, please complete and return the power of attorney being the page immediately after this Circular in accordance with the instructions contained therein, to Crowe Corporate Recovery, 7 Avon Rise, Avondale, Harare or e-mail same to thabo.ruswa@crowe.co.zw or raymond.sibanda@crowe.co.zw to be received not later than the dates and times stipulated in the Important Dates, Times and Venue schedule of this Circular.

¹ **Section 143.** *Meeting to determine future of company.*

NOTICE OF MEETING

CONVENED IN TERMS OF SECTION 142 (AND READ WITH SECTION 143) OF THE INSOLVENCY ACT. ("THE MEETING")

Notice is hereby given in terms of **Section 143** of the Insolvency Act of the Meeting, which is being convened by the Corporate Rescue Practitioner, Dr Oliver Mtasa ("the CRP"), on the **20th of November 2024** at **0900 hours at the Dominion Hall, Celebration Centre, 162 Swan Drive, Borrowdale West, Harare** for purposes of considering and, if deemed fit, approving with or without modification, the proposed Corporate Rescue Plan published by the CRP.

PURPOSE OF THE THIRD CREDITORS MEETING

Third Creditors Meeting: **20th November 2024**

Venue: **Dominion Hall, Celebration Centre, 162 Swan Drive, Borrowdale West, Harare**

Time: **0900 Hours**

AGENDA

- (i) Update on the Corporate Rescue process
- (ii) Considered view of the Corporate Rescue Practitioner
- (iii) Consideration of the Corporate Rescue plan by the creditors

Last Day to lodge the power of attorney forms for the Meeting: 12 pm on the **19th of November 2024**

Notes: If a power of attorney form is not received by the time and date shown above, it may be handed to the CRP no later than 1 hour before the commencement of the Meeting. These dates, times and venues are subject to change. Any such change will be published to all affected persons

ABBREVIATIONS

Table 1: List of Abbreviations

Abbreviation	Meaning
CAGR	Compound Annual Growth Rate
COBE	Companies and Other Business Entities Act
CR	Corporate Rescue
CRP	Corporate Rescue Practitioner
CRSR	Corporate Rescue Second Reports
EBM	Extraordinary Board Meeting
FBC	First Banking Corporation
FMM	First Mutual Microfinance
HR	Human Resources
LA	Labour Act
MMM	Mbidzo, Muchadehama and Makoni
NEC	National Employment Council
NMB	National Merchant Bank
PCF	Post Commencement Finance
PPE	Plant, Property and Equipment
RBZ	Reserve Bank of Zimbabwe
USD or US\$	United States Dollars
ZIMRA	Zimbabwe Revenue Authority
ZWL	Zimbabwean Dollar

INTRODUCTION

This is a **Corporate Rescue Plan (“CR Plan” or “the Plan”)** for **Truworths Zimbabwe Limited**. This report allows the Master of the High Court, Shareholders, and Creditors to consider and make an informed decision on the Corporate Rescue Plan.

This Report contains information on the investigations of the affairs of the Company, highlights some of the findings, and provides a possible option for rescuing the company. Detailed and firm recommendations are included in **Part B** of the report in terms of the Insolvency Act [*Chapter 6.07*] (“the Act”).

This Report has been prepared in terms of **Section 142²**, read together with **Section 143** of the Insolvency Act [*Chapter 6.07*] (“the Act”)³, for presentation to all affected persons at the Third creditors meeting, **Return date 20 November 2024**.

This Report has been prepared following the investigation conducted by the Corporate Rescue Practitioner in terms of **Section 134** of the Act⁴. The due diligence and investigation processes have been completed in terms of the Act. The CR Plan is divided into the following sections:

- **Introduction, followed by the interpretation and preliminary section.**
- **Part A: Background:** This section provides the Company's general background and statutory information, a summary of material events in the Corporate Rescue proceedings, the industry overview, and the factors that resulted in the Company becoming financially distressed and being placed under Corporate Rescue.
- **Part B: Proposals:** This sets out the corporate rescue plan being proposed to creditors and shareholders as opposed to the company being placed under liquidation.
- **Part C: Projected Performance and the Considered View of the CRP:** This section sets out the financial forecasts, the considered view of the CRP and the resolution being proposed to consummate the corporate rescue plan.
- The Corporate Rescue Practitioner's certificate is attached hereto as **Annexure A**.

DISCLAIMER

- (i) CRP accepted and relied upon the representations and the authenticity of all documents provided to him and his advisors. Should it become necessary to make representations and documents referred to in this Report available in any legal proceedings connected to or arising from the publication of this Corporate Rescue Plan, the authors or those with knowledge of the representations and documents would have to confirm these in the legal proceedings.
- (ii) Nothing contained in this Report shall constitute tax, accounting, or legal advice to any affected person, and the CRP does not make any representations in respect thereof other than as may be expressly stated in this Report.
- (iii) The CRP shall not be responsible for acts taken (or omissions) arising from any affected person's reliance on this Report.
- (iv) This Corporate Rescue Plan is published in compliance with the provisions of the Act within the time constraints provided in terms of the Act. This document is provided solely for the information of Affected Persons to the Proceedings.
- (v) Affected Persons are advised to seek independent legal advice in order to consider the proposal as presented.

² **Section 142:** *Proposal of corporate rescue plan*

³ **Section 143.** *Meeting to determine future of company.*

⁴ **Section 134:** *Investigation of affairs of company*

- (vi) Since the appointment, the CRP has undertaken investigations into the affairs of the Company pursuant to their statutory obligations. The investigations have been limited due to the time constraints placed on them by the Act and the scope of the CRP statutory duties. There may, therefore, be specific issues that may require additional investigation for a final conclusion or determination to be formed. Whilst the CRP has set out his findings and conclusions in this CR Plan arising from the investigations conducted to date, please note that a liquidator (if appointed) may undertake further detailed investigations into the affairs of the Company.
- (vii) During the Corporate Rescue proceedings and investigations, the CRP has sought and relied on legal advice.
- (viii) The statements and opinions expressed in this CR Plan are given in good faith and in the belief that such statements and opinions are not false or misleading. Should any new information become available between the Publication Date and the date of any subsequent meetings or reports, the CRP reserves his rights to alter any conclusions reached on the basis of that new information.
- (ix) Whilst this CR Plan estimates the likely outcomes for business performance, forecasts by their very nature, are uncertain, and the ultimate outcome may, therefore, differ from the estimates contained in the Corporate Rescue Plan.
- (x) The CRP reserves the right, should it come to their attention that material information has been withheld, or additional information is brought to their attention, to amend this CR Plan.
- (xi) For your convenience, this document may have been made available to you in electronic and hard copy format. Therefore, multiple copies and versions of this document may exist in different media. Only the final hard copy should be regarded as definitive.

CONFIDENTIALITY

- (i) This Corporate Rescue Plan is confidential to the Affected Persons of the Company and prepared solely for the purpose(s) set out in the Act. No person may refer to or use the names of the CRP or the Corporate Rescue Plan for any other purpose, disclose or refer to them in any prospectus or other document, or make them available or communicate them to any other party.
- (ii) No other party is entitled to rely on the Corporate Rescue Plan for any purpose whatsoever, and the CRP accepts no duty of care or liability to any other party who is shown or gains access to this Corporate Rescue Plan;
- (iii) All of the information contained in this Corporate Rescue Plan is of a confidential and/or proprietary nature to the Company in whatever form, without limiting the generality thereof and shall include any of the following information, documentation, data and/or material in any form (including oral, written, electronic or visual form) disclosed or communicated by the Company and/or any of its affiliates in connection with or arising out of the or meetings of Creditors;
- (iv) Technical, scientific, commercial, financial, operational or market information or trade secrets in relation to the Business of the Company;
- (v) Agreements to which the Company and/or its affiliates are a party;
- (vi) Operating know-how, processes, statistics, business methods, business plans, asset lists and models (whether of a financial nature or otherwise) and techniques used by the Company and/or its affiliates in the conduct of the Company;
- (vii) Copyright, patents, trademarks, service marks, design rights (whether registered or unregistered), database rights, proprietary information rights and all other similar proprietary rights and applications for such rights as may exist anywhere in the world in relation to the Company;
- (viii) Knowledge of details and particulars regarding the Company and/or its affiliates, suppliers, contractors, business associates and customers;
- (ix) The Company and/or its Affiliates' method(s) and statistics of conducting its business;
- (x) The contractual arrangements and commitments between the Company and/or its affiliates and their suppliers and customers;
- (xi) Any other matter or information which relates to the business in respect of which information is not readily available to the general public;
- (xii) All confidential and/or proprietary information disclosed by the Company and/or its affiliates or which otherwise comes to the knowledge of Affected Persons in terms of the provision of this Corporate Rescue Plan or any meeting of Creditors is acknowledged by affected persons:
 - (a) to be proprietary to the Company and/or its Affiliates; and
 - (b) not to confer any rights of whatsoever nature in the disclosure of such confidential and/or proprietary information on Affected Persons.
- (xiii) Affected Persons irrevocably and unconditionally agree and undertake:
 - (a) to treat and safeguard the confidential and/or proprietary information as strictly private, secret and confidential;
 - (b) not to use or permit the use of the confidential and/or proprietary information for any purpose other than purposes of the Corporate Rescue Plan and, in particular, not to use or permit the use of the confidential and/or proprietary information, whether directly or indirectly, to obtain a commercial, trading, investment, financial or other advantage over the Company and/or its affiliates or otherwise use it to the detriment of the Company and/or its affiliates;

- (c) except as permitted by this Corporate Rescue Plan, not to disclose or divulge, directly or indirectly, the confidential and/or proprietary information in any manner to any third party for any reason or purpose whatsoever without the prior written consent of the CRP, which consent may be granted or withheld in the sole and absolute discretion of the CRP;
- (d) not to copy or reproduce the confidential and/or proprietary information by any means without the prior written consent of the CRP, it being recorded that any copies of the Corporate Rescue Plan shall be and remain the property of the Company; and
- (e) to keep all confidential and/or proprietary information safely and securely and to take all such steps as may be reasonably necessary to protect it against theft, damage, loss, unauthorised access (including access by electronic means) and to prevent confidential and/or proprietary information from falling into the hands of unauthorised third parties

CORPORATE INFORMATION

Table 2: Corporate Information

Financial Year End:	07 July
Corporate Rescue Practitioners	Dr. Oliver Mtasa (Appointed CRP) Mr. Raymond Sibanda (Assistant to CRP)
The Corporate Rescue Support Team	Crowe Advisory (Private) Limited Mr. Zondi Kumwenda Mr. Thabo Ruswa Dr. Jeskinus Mukonoweshuro Mrs Connie Mutunhu Crowe Chartered Accountants Mr. Albert Tirivangani
Directors	Mr Modecai P, Mahlangu Mr. Bekitemba Ndebele Mr. Lawrence Mabhiza Mr. Stanislaus .M.Takaendisa Mr. Washington Matsaira Mr. Anthony .B. Miek Mr. Bruce .H. Henderson Mrs. Fatima .K. Khan
Registered Business Address and Head Office:	4 Conald Road, Graniteside, Harare C/O 7 Avon Rise Mount Pleasant Harare
Bankers:	FBC Bank Limited (Main Bank Account), 76 Samora Machel Avenue Old Reserve Bank Building Harare Steward Bank Limited Livingstone House, 79 Oliver Tambo Avenue Harare NMB Bank Limited Branch: Southerton 9 Plymouth Road Southerton Harare
Lawyers:	Gill, Godlonton & Gerrans 42 Sandringham Drive, Alexandra Park, Harare, Zimbabwe. Coghlan, Welsh & Guest Cecil House, 2 Central Avenue, Harare Honey & Blanckenberg 200 Herbert Chitepo Avenue Harare, Zimbabwe

BRANCH NETWORK

Figure 1: Truworths' Footprint

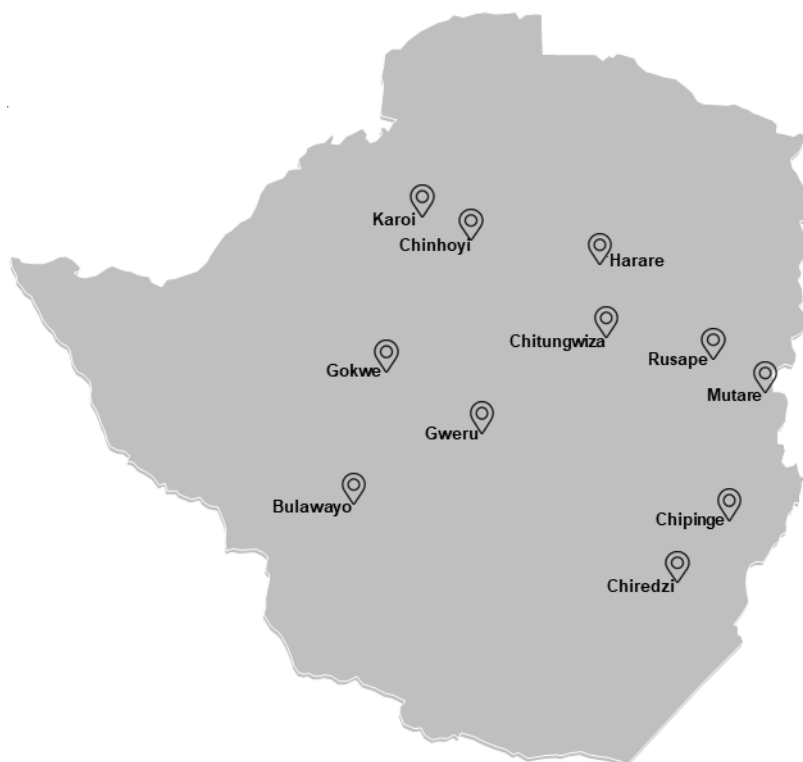


Table 3: Truworths Stores

Store	Address
81 Bulawayo Ladies	89 Jason Moyo Street, Bulawayo
82 Gweru Ladies	31 Robert Mugabe Way, Gweru
83 Mutare Ladies	10 Herbert Chitepo, Street, Mutare
87 First Street	Batanai Gardens, 1st St, Harare
91 Truman Bulawayo	89 Jason Moyo Street, Bulawayo
92. Truman Gweru	Shop 1 Schemer Building, Gweru
93 Truman Mutare	10 Herbert Chitepo, Street, Mutare
96 Truman First Street	Batanai Gardens, 1st St, Harare
97 Westgate Ladies	Shop No. 2, Westgate, Harare

Table 4: Topics Stores

Store	Address
49 Bulawayo Centre	Shop No 3, Fort Street, Bulawayo
54 Gweru	31 R Mugabe Way, Gweru
60 George Silundika	Shop 1 -3, Cnr G. Silundika& First Street, Hararoke
64 Chinhoyi	28 Magamba Way, Chinhoyi
66 Chiredzi	Shop 11 Block C Ompic, Chiredzi
68 Karoi	Stand 91 Fred Jameson Street, Karoi
69 Gokwe	Shop No 2 Stand 2B, Gokwe
73 Chipinge	Shop 5A, Chipinge Commercial Centre, Chipinge
76 Rusape	14 R Mugabe Way, Rusape
80 Westgate	Shop 6 N6 Westgate Shopping Centre, Westgate, Harare

Table 5: Number 1 Stores

Store	Address
15 Chiredzi	Stand 257 Chiredzi
22 Jason Moyo	Shop No 3, Fort Street, Bulawayo
23 Gokwe	Shop No 2 Stand 2B, Gokwe
24 Westgate	Shop 6 N6 Westgate Shopping Centre, Westgate, Harare
26 Chitungwiza	Stand 19652, Chitungwiza Town Centre, Seke Township
43 Karoi	Stand 91 Fred Jameson Street, Karoi
44 Gweru	Shop 1&2, Bahadur Centre, Gweru

EXECUTIVE SUMMARY

Name of the Group Truworths Zimbabwe Limited a company incorporated in Zimbabwe, under Company Registration number 602/57 and its Subsidiaries, namely, Topic Stores (Private) Limited under company registration number 49/1955 and Bravette Manufacturing Company (Private) Limited under company registration number 344/1963 – CR 23/24.

A considered view of the CRP The Group has reasonable prospects of being rescued and this Corporate Rescue Plan provides the recommendations for consideration by the Master and the Creditors.

How the Group became financially distressed The Group was technically insolvent with the initial statement of affairs indicating a net liability position of **US\$994,321**

Critical Date **20 November 2024**
Presentation of the Corporate Rescue Plan

Statement of affairs as at 7 August 2024

	Original (USD) Before Due Diligence	Final (USD) After Due Diligence
Statement of Affairs 7 August 2024		
Assets		
Non-Current Assets	780,452	803,843
Current Assets	759,918	402,980
Total Assets	1,540,370	1,206,823
Liabilities		
Non-Current Liabilities	(24,242)	0
Current Liabilities	(2,534,691)	(3,270,951)*
Total Liabilities	(2,558,933)	(3,270,951)
Net Liabilities	(994,321)	(2,064,128)

Note: The Company is technically insolvent to the tune of negative **US\$994,321 as at 7 August 2024 (US\$2,064,128** after due diligence) This was the major cause for corporate rescue.

**included in these liabilities is US\$1,043,660 relating to provision for severance pay to employees.*

The Identified Investor Following the placement of Truworths Zimbabwe Limited under Corporate Rescue, a number of prospects indicated an interest in being considered investors in the business. The CRP held meetings with the prospective investors and provided information which included both financial and non-financial. The prospective investors were then requested to submit their offers.

The prospects were to be assessed on the basis of both the financial and the qualitative factors for the provision of a sustainable business model going forward. It is on the basis of this assessment that the Valfin

Investments (Private) Limited led Consortium (“Valfin”) bid was considered acceptable.

Valfin is a player in the clothing manufacturing industry. Since opening its business in 2012, the company has experienced consistent growth and success.

The Structure

The offer submitted by the consortium led by Valfin Investments, a local manufacturer and distributor had the following key features:

- Capital of US\$2 million will be injected by the Consortium led by Valfin Investments.
- A minimum US\$2 million will be injected into the business by First Mutual Microfinance (FMM) by way of taking over and managing the Debtors Book.
- Consortium capital injection will be done over a period of 6 months whilst FMM will grow in line with the growth of the business.
- The creditors and CRP expenses will be paid from the operations and assets of the business.
- Bravette Manufacturing (Private) Limited, a subsidiary of Truworths, will be utilised to settle supervisory employee liabilities, i.e those of managerial and executive staff.
- The liabilities portion relating to NEC employees together with Corporate Rescue expenses will be floated as a debenture being paid or liquidated between months 7 and 12 from the date of Corporate Rescue Plan adoption.
- All other creditors will be issued debentures which will be liquidated in three (3) equal instalments, being months 12, 18, and 24.
- Post commencement creditors to 30 November 2024 shall be included in debentures.
- Debentures shall accrue interest at 8% per annum.
- Truworths shall be delisted from the Zimbabwe Stock Exchange.
- Current shareholders shall relinquish their shareholding for one dollar.
- New investors take over management of the business.

Table 6: Proposed Capital Injection

Proposed Capital Injection	Cal	US\$
Funding of the Debtors Book	(a)	2,000,000
Purchase of Merchandise and Operating Costs	(b)	2,000,000
Total capital injection into the business	(a) + (b) = (c)	4,000,000
Debentures	(d)	1,067,172
Total	(c) + (d) = (e)	5,067,172

Distributions

The table below summarises the distributions to creditors under the rescue option and the liquidation option:

Table 7: Summary of Distribution Levels

Scenario	Secured (US\$)	Unsecured (US\$)
Under Valfin Consortium	N/A*	0.12
Liquidation	N/A	Nil

*The company does not have any secured creditors.

**There is a Deferred Tax Asset of US\$468,692 in the distribution which is still subject to ZIMRA assessment of the business income tax losses. Any assessment that results in more than 5% variation shall result in the distributed being recomputed or revised, accordingly.

The table above shows that the rescue option provides a higher distribution as opposed to going for liquidation.

Recommendations

The CRP recommends:-

- (i) Takeover of the business by the Valfin Investments led Consortium,
- (ii) The distribution of 12 cents in a dollar (subject to tax losses assessment by ZIMRA) to all the creditors of the Group in full and final settlement.
- (iii) The issuance of debentures to creditors at 8% per annum.

1. INTERPRETATION AND PRELIMINARY

The headings of paragraphs in this Corporate Rescue Plan are for convenience and reference only and shall not be used in the interpretation of or modify or amplify the terms of this Corporate Rescue Plan nor any paragraph hereof.

- 1.1 Unless a contrary intention appears, words importing: –
- 1.1.1 **any one gender includes the other gender;**
- 1.1.2 the singular includes the plural and *vice versa*, and
- 1.1.3 any person includes a natural or juristic person, firm, company, corporation, government, state, agency or organ of state, association, trust, or a partnership (whether having separate legal personality);
- 1.2 The following terms and/or expressions shall have the meanings assigned to them hereunder, and cognate expressions shall have corresponding meanings: –
- 1.2.1 **“Advisors” means the advisors to the Corporate Rescue Practitioner, namely Crowe Advisory (Private) Limited and MMM Legal Practitioners and their respective employees or representatives retained by the Corporate Rescue Practitioner (CRP);**
- 1.2.2 **“Affected Person” or “Affected Persons”** shall bear the meaning ascribed by the Act and, concerning the Company, means Shareholders, Creditors, Employees (including labour brokers) and any registered trade union representing employees of the Company;
- 1.2.3 **“CRP”** means the corporate rescue practitioner appointed in terms of **Section 122** of the Act, being Oliver Mtasa, operating from premises situated at 4 Conald Road, Graniteside C/O 7 Avon Rise Avondale.
- 1.2.4 **“Business”** means Truworths Zimbabwe Limited, whose objective is manufacturing and retailing clothing and apparel.
- 1.2.5 **“Business Day”** means any day other than a Saturday, Sunday, or official public holiday in Zimbabwe and "Business Days" has a corresponding meaning;
- 1.2.6 **“Corporate Rescue”** means proceedings under the Insolvency Act [Chapter 6:07] to facilitate the rehabilitation of a company which is Financially Distressed;
- 1.2.7 **“Corporate Rescue Costs”** means the remuneration and expenses of the CRP and all other claims arising out of the costs of the Corporate Rescue, including, without limitation to, legal fees and costs of the Advisors;
- 1.2.8 **“Corporate Rescue Second Report” (“CRSR”)** means this document, together with all its annexures, as amended from time to time, prepared and published by the CRP for consideration and adoption by Creditors;
- 1.2.9 **“Corporate Rescue Plan”, or “the Plan”, or “CR Plan”** means a document published together with all its annexures, as amended from time to time, prepared, and published by the CRP for consideration and adoption by Creditors in terms of **Section 142** of the Act.

- 1.2.10** “**Claims**” means any claim of whatsoever nature and howsoever arising against the Company, including a (i) Secured, (ii) Preferent or (iii) Concurrent Claim as envisaged in terms of the Act, the origin, cause of action or agreement in respect whereof arose or was concluded before the Substantial Implementation Date (and including each claim contemplated in this) and without in any way derogating from the generality of the foregoing, shall include an actual, contingent, prospective, conditional or unconditional, liquidated or unliquidated, assessed or unassessed claim, whether due or yet to fall due for payment or performance, including any claim the origin of which arose from statute, regulation or other legislation or arising out of any contract and/or agreement entered into before the Commencement Date and cancelled thereafter and, in no way derogating from the generality of the foregoing, shall include any Claim for Tax or Taxation. These claims, upon receipt, shall be viewed as secured and unsecured, which has a bearing on the distribution of proceeds in terms of the Act.
- 1.2.11** “**Commencement Date**” means the **7th of August 2024**, being the date upon which the Master of the High of Zimbabwe issued a certificate of appointment in accordance with **section 122⁵** of the Act;
- 1.2.12** “**COBE**” means the Companies and Other Business Entities Act [*Chapter 24:17*] (as amended), including the regulations promulgated thereunder;
- 1.2.13** “**Concurrent Claim**” means any Claim (other than a Disputed Claim) which is unsecured and enjoys no preference in accordance with the Act, and “Concurrent Creditor” has the corresponding meaning;
- 1.2.14** “**Contracts**” means any right, title, or interest of the Company in any contract, agreement or understanding entered between the Company and a person before the Commencement Date;
- 1.2.15** “**Creditors**” means all persons, including legal entities and natural persons, having Claims accepted as such by the CRP as at the Commencement Date and for the period of the Corporate Rescue, as envisaged in the Act, but not a Creditor with a Disputed Claim or claims that can be regarded as a post-commencement finance (“PCF”) Claim or as being costs of or an expense of the Corporate Rescue;
- 1.2.16** “**Creditors’ Committee**” means a creditors’ committee, contemplated in terms of **Section 140⁶** of the Act;
- 1.2.17** “**Directors**” means the directors of the Company as at the Commencement Date and the meaning ascribed in the COBE, who are hereby suspended of their duties and responsibilities in terms of the COBE and such duties and responsibilities have been bestowed to the CRP with duties and responsibilities in terms of **Section 133⁷** of the Act;
- 1.2.18** “**Distribution(s)**” means the respective payments to be made to Creditors by the CRP to discharge their Claims in accordance with **Section 146⁸** of the Act;
- 1.2.19** “**Employees**” means all persons employed by the Company and its Subsidiaries as at the Commencement Date and who remain employed at the Adoption Date;

⁵ **Section 122.** *Company resolution to commence corporate rescue proceedings.*

⁶ **Section 140:** *First meeting of creditors.*

⁷ **Section 133:** *General powers and duties of practitioners.*

⁸ **Section 146:** *Discharge of debts and claims.*

- 1.2.20** "Employees Contracts" means any right, title, or interest of the Company in any contract, agreement or understanding entered before the Commencement Date between the Company and any Employee for the employment of such Employee by the Company as an Employee;
- 1.2.21** "Encumbrance" means any claim, charge, mortgage, lien, burden, option, pledge, security, withholding, retention of title, right of pre-emption, right of first refusal or other third-party rights or claims, restrictions on the free transferability or security interest or an agreement, arrangement, or obligation to create any of the foregoing;
- 1.2.22** "Expunged" means the full and final discharge and extinguishing of Claims, or portions of Claims in terms of the Act, and which Claims, or portions of Claims, are consequently no longer enforceable and recoverable;
- 1.2.23** "Financially Distressed" shall bear the same meaning ascribed to this term in **Section 122** of the Act;
- 1.2.24** "Final Claims Date" means the final date for the filing of Claims, being the **18th of September 2024**, Special Creditors meeting;
- 1.2.25** "Insolvency Act" or "the Act" means the Insolvency Act [*Chapter 6:07*] (as amended);
- 1.2.26** "LA" means the Labour Act, [*Chapter 28:01*] (As amended);
- 1.2.27** "Management" means the management team of the Company, including the Company's directors, who had, and continue to have, the delegated and supervised responsibility of managing the day-to-day operations of the Company as at the Commencement Date;
- 1.2.28** "Management Restructuring Plan" means the plan developed by CRP for the restructuring of the Company;
- 1.2.29** "Notice of Meeting" means the notice of meeting to all Affected Persons as contemplated in terms of the Act;
- 1.2.30** "Ordinary Shares" means shares value issued by the Company;
- 1.2.31** "PCF" means post-commencement finance obtained by the Company, as authorized by the CRP in terms of **Section 128⁹** of the Insolvency Act, after Commencement Date;
- 1.2.32** "Post-commencement Claims" means any claim against the Company, the cause of action in respect of which arose after the Commencement Date;
- 1.2.33** "Post-commencement Creditors" means all persons, including legal entities and natural persons, having Post-commencement Claims;
- 1.2.34** "Pre-commencement Claims" means any claim against the Company, the cause of action which arose before the Commencement Date;
- 1.2.35** "Pre-commencement Creditors" means all persons, including legal entities and natural persons, having Pre-commencement Claims;

⁹ **Section 128:** Post-commencement finance.

- 1.2.36 **“Pre-commencement Secured Creditors”** means all Pre-commencement Creditors holding a security for their Claims;
- 1.2.37 **“Preferent Claim”** means any Claim (other than a Disputed Claim) which is preferent in accordance with the provisions of the Insolvency Act, and “Preferent Creditor” has the corresponding meaning;
- 1.2.38 **“Publication Date”** means the date on which the Corporate Rescue Report is published to Affected Persons in terms of **section 142¹⁰** of the Act, being 14 November 2024;
- 1.2.39 **“US\$” or “USD”** means the lawful currency of the United States of America;
- 1.2.40 **“Receivable”** means any claim of whatsoever nature which the Company has as at the Commencement Date against any person indebted to it and includes any bank balances and deposits and any claim of whatsoever nature against tax authority;
- 1.2.41 **“Valfin Investments Consortium”** Refers to the company or potential investor and their partners interested in investing in Truworths Zimbabwe Limited;
- 1.2.42 **“Shareholders”** means the shareholders of the company at the Commencement Date who, for the purpose of the Corporate Rescue proceedings, are represented by the Master of the High Court of Zimbabwe;
- 1.2.43 **“Tax/Taxation”** means levies payable to government authorities in terms of the taxation acts of Zimbabwe;
- 1.2.44 **“ZiG” or “Zimbabwean Gold”** means the lawful currency of Zimbabwe in terms of the Reserve Bank of Zimbabwe (RBZ) Act.
- 1.3 Any reference in this plan to:
- 1.3.1 a paragraph is a reference to the relevant paragraph of this Plan;
- 1.3.2 a Part is a reference to the relevant part of this Plan;
- 1.3.3 any section is a reference to that section in the Act unless it is otherwise indicated in which event it shall be a reference to that legislation;
- 1.3.4 any reference to any statute, regulation, or other legislation in this Plan shall be a reference to that statute, regulation, or other legislation as at the Publication Date and as amended or substituted from time to time;

¹⁰ **Section 142:** *Proposal of the corporate rescue plan.*

Background & Overview
Section 142 (a): PART A

PART A – BACKGROUND AND OVERVIEW

2. COMPANY BACKGROUND

2.1 Background to the Company

Truworths Zimbabwe Limited was incorporated in 1957 under company registration number 602/57 and operates as a clothing and apparel retailer.

The Group was listed on the Zimbabwe Stock Exchange in 1981, operating from 14 retail outlets comprised of Truworths Stores, Topic Stores and Number 1 Stores. At its peak in 2001, the Group Operated 101 stores across the country.

Due to financial distress, the business had downsized to 26 stores as of July 2024. Its footprint includes Harare, Bulawayo, Gweru, Chinhoyi, Mutare, Rusape, Gokwe, Chitungwiza, Chiredzi, Chipinge, and Karoi.

On the 5th of August 2024, a special resolution was passed at an Extraordinary Board Meeting (“EBM”) to voluntarily place the company under corporate rescue. This was submitted to the Company Registrar and the High Court in terms of section 122(1) on the assessment that:

- (a) The company was financially distressed and technically insolvent, and
- (b) Placing the company under Corporate Rescue would allow a reasonable prospect of rescuing the company.

Dr Oliver Mtasa of Crowe Advisory (Private) Limited was appointed the CRP on the **7th of August 2024** with the mandate to execute powers, duties, and responsibilities in terms of Section 133 of the Act.

2.2 Background to the Company's Financial Distress

The main reasons for the Company becoming Financially Distressed can be summarised as follows:

- (i) The Group was technically insolvent, with the initial statement of affairs indicating a net liability position of US\$994,321.
- (ii) 85% of the Group's sales are on credit. There was inadequate liquidity to fund the stock and the debtors book, resulting in suboptimal sales, which negatively impacted cashflows and ultimately the business could not meet the cashflow performance.
- (iii) The Group has been failing to fully cover its payroll obligations for the 16 months prior to Corporate Rescue.
- (iv) The prevailing volatile economic environment, owing to exchange rate and interest rate volatility. This led to the following:
 - In 2019, statutory instrument 33 of 2019 converting all US\$ balances to ZWL at 1:1, resulting in the company's balance sheet losing significant value.
 - In June 2022, a monetary policy statement effectively stopped any US\$-based lending and increased the ZWL interest rate to circa 200%. The Group immediately stopped lending to customers (as the business model was no longer making sense), which resulted in suboptimal turnover and cashflows.
 - The capital raised through a rights issue in 2023 lost 50% of its USD value due to the 100% depreciation of the Zimbabwe Dollar between the opening and closing dates of the offer.
 - A reduction in the true value of products, which were literally valued under replacement cost.
- (v) There are laws that ban the importation of second-hand clothes, but the authorities do not enforce them. This has negatively impacted the industry, as the informal sector is prone to smuggling and dumping goods, which results in selling these products at lower costs than those produced formally. Competition from the informal sector is not subject to similar regulatory compliance requirements.

- (vi) The diminishing supplier base in the country left the Group with no option but to import raw materials and finished products, which requires upfront funding in USD and longer delivery times. On the other hand, the Group credit sales resulted in prolonged cashflow cycles which could not be funded, resulting in branch closures and understocking.

3. SUMMARY OF THE CORPORATE RESCUE PROCESS

3.1 Corporate Rescue Process and Timelines

Corporate Rescue, as defined in **section 122(1)** of the Act, refers to proceedings to facilitate the rehabilitation of a Financially Distressed company by providing for the temporary supervision of one or more business rescue practitioners and the management of its affairs, business, and property by the appointed Corporate Rescue Practitioner.

Section 126 of the Act provides for a general moratorium on legal proceedings against the company. During corporate rescue proceedings, no legal proceeding, including enforcement action, against the company or in relation to any property belonging to the company, or lawfully in its possession, may be commenced or proceeded with in any forum.

The objective of Corporate Rescue, in a general sense, is the development and implementation, if approved, of a Corporate Rescue Plan which:

- (i) rescues a company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximizes the likelihood of the company continuing in existence on a solvent basis; or
- (ii) results in a better return for the company's creditors and/or shareholders than would result from the immediate liquidation of the company.

The following calendar of events sets out the dates on which certain events have taken place and will take place during Corporate Rescue proceedings:

Table 8: Calendar of Events

Event	Start Date	End Date	Status
Application for Corporate Rescue	31/07/2024	06/08/2024	Done
CRP appointed	07/08/2024	07/08/2024	Done
Notices to all affected parties	07/8/2024	07/8/2024	Done
Investigation of company affairs and development of Corporate Rescue Plan	7/8/2024	21/09/2024	Done
First Creditors' meeting	28/8/2024	28/8/2024	Done
Special Creditors' meeting	18/09/2024	18/09/2024	Done
Publication of Notice of Meeting to consider the Corporate Rescue Plan	14/11/2024	14/11/2024	
Publication and review of Corporate Rescue Plan	14/11/2024	14/11/2024	
Meeting to determine future of the company	20/11/2024	20/11/2024	
Adoption and Implementation of CR Plan	20/11/2024	20/11/2024	

The CRP convened and presided over the first meeting of Creditors on the **28th of August 2024**.

- At the first meeting, the Company's Creditors' committee was elected.
- The Creditors, holding the majority voting interest, as is required in terms of the Act, consented to the election of the Creditors committee. This Committee met six (6) times on the following dates:-

Table 9: Creditors Committee Meetings

Meeting Between CRP and Committee	Date
Post first creditors meeting	28 August 2024
Feedback from the committee and update on the CR Proceedings	9 September 2024
Update on the CRP extension of time	9 October 2024
Presentation of the Corporate Rescue Plan	7 November 2024

Meetings of the Creditors committee	Date
Meeting of the Committee and respective constituencies	29 August 2024
Feedback to respective constituencies	9 September 2024

- The minutes and a full transcript of the first meeting of Creditors are available from the CRP.

The CRP further convened and presided over the first meeting of Employees which was held on **14 August 2024**. A subsequent follow-up meeting was held on the **23rd of September 2024**.

Additionally, the CRP also held a special creditors' meeting on the **18th of September 2024** for the proof of claims.

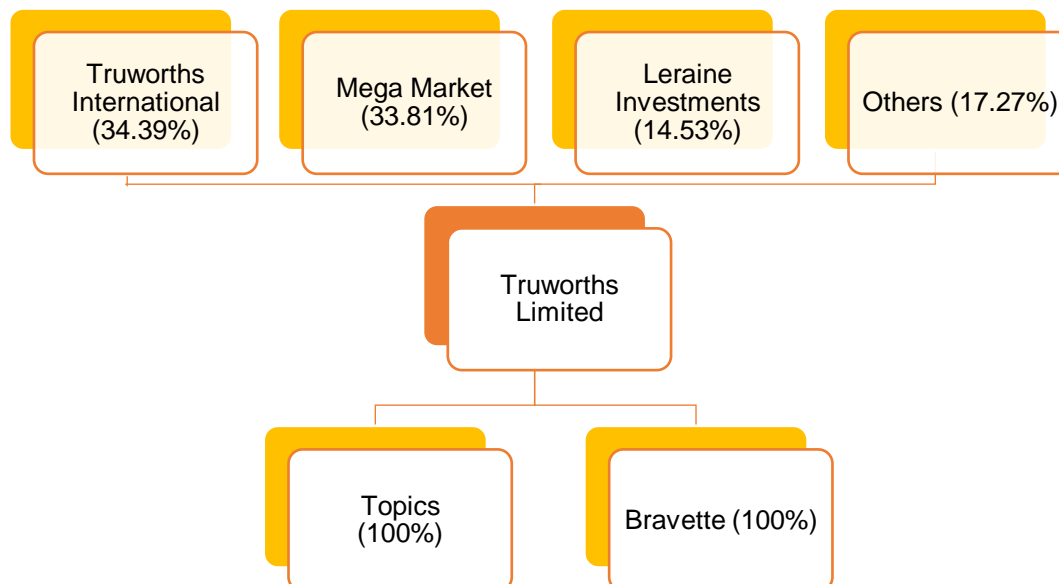
Meetings were also held with landlords as key stakeholders in the business.

4. COMPANY INFORMATION

4.1 Shareholding Structure

Truworths Zimbabwe Limited is a company registered under the Companies Act [Chapter 24:03], registration number 602/57. It operates from 4 Conald Road, situated at Graniteside, Harare, C/O Number 7 Avon Rise, Avondale, Harare, the Corporate Rescue Practitioner's offices. Truworths Zimbabwe Limited has 1,432 shareholders, with entities holding significant stakes indicated below.

Figure 2: Truworths Zimbabwe Limited shareholding structure



4.2 Directors of the Company

At the time of the Corporate Rescue the Directors of the Company were.

Table 10: Truworths Zimbabwe Limited Directors

Director	Position
Modecai P, Mahlangu	Non-Executive Chairman
Bekithemba Ndebele	Chief Executive Officer
Lawrence Mabhiza	Merchandise and Marketing Director
Stanislaus M. Takaendisa	Operations Director
Washington Matsaira	Non-Executive Director
Antony B. Miek	Non-Executive Director
Bruce H Henderson	Non-Executive Director
Fatima K Khan	Non-Executive Director

Table 11: Topics Stores Directors

Director	Position
Bekithemba Ndebele	Chief Executive Officer
Lawrence Mabhiza	Merchandise and Marketing Director
Stanislaus M. Takaendisa	Operations Director
Brenda Chibanda*	Chief Finance Officer

Table 12: Bravette Manufacturing Company Directors

Director	Position
Bekitemba Ndebele	Chief Executive Officer
Lawrence Mabhiza	Merchandise and Marketing Director
Stanislaus M. Takaendisa	Operations Director
Brenda Chibanda*	Chief Finance Officer

*Brenda is the company secretary for the Group

Notes:

- (i) In terms of **Section 133** of the Act the CRP shall have full control and management of the Company, meaning the Board of Truworths Zimbabwe Limited and its subsidiaries were suspended effective **7th August 2024**.

4.3 Statement of Affairs as at 7 August 2024

As per the information presented and availed by the Directors and management of the Company to the Corporate Rescue Practitioner (“CRP”), and following a balance sheet due diligence, the following statement of affairs presents the financial position of the company as at **7 August 2024**.

Table 13: Statement of Affairs as at 7 August 2024 (USD)

	Original (USD)	Final (USD)*
Statement of Affairs 7 August 2024		
Assets		
Non-Current Assets*	780,452	803,843
Current Assets	759,918	402,980
<i>Inventory</i>	588,194	267,199
<i>Debtors</i>	163,280	130,624
<i>Other current assets</i>	3,287	0
<i>Cash</i>	5,157	5,157
Total Assets	1,540,370	1,206,823
Liabilities		
Non-Current Liabilities	(24,242)	0
<i>Secured creditors</i>	-	-
<i>Unsecured creditors</i>	(24,242)	-
Current Liabilities	(2,510,449)	(3,270,951)
<i>Secured creditors</i>	0	0
<i>Unsecured creditors</i>	(2,510,449)	(3,270,951)
<i>Employees</i>	(1,384,329)	(1,965,768)
<i>Trade and Other Creditors</i>	(930,255)	(1,480,582)
<i>Statutory</i>	(195,865)	(175,399)
Total liability	(2,534,691)	(3,270,951)
Net liability	(994,321)	(2,064,128)

*After Due Diligence

The company was technically insolvent as at **07 August 2024** with a negative net asset value of **US\$994,321**. (US\$2,064,128 after due diligence and provision for severance pay of US\$1,043,660)

4.4 Creditors of the company as at the commencement date

As at the **7th of August 2024**, in terms of the records of the Company, the Creditors amounted to the following:

Table 14: Creditors of the Company as at the Commencement Date (07 August 2024)

Creditors	Before Due Diligence (US\$)	After Due Diligence (US\$)
Employees	1,384,329	1,965,768
Trade Creditors	254,257	696,968
Statutory Creditors	195,865	175,412
Other Liabilities	700,240	432,803
Total	2,534,691	3,270,951

Note: List of creditors attached hereto as **Annexure B**.

5. INDUSTRY OVERVIEW AND SUMMARY RESULTS OF DUE DILIGENCE

5.1 Industry Overview

5.1.1 Global Overview

The global apparel market is currently experiencing substantial growth and transformation, driven by several critical factors, including evolving consumer spending habits, technological advancements, and demographic shifts. In 2023, the market was valued at approximately USD 1,709.76 billion, with projections indicating an increase to around USD 1,774.56 billion by 2024.

This upward trajectory is expected to persist, with the market anticipated to grow at a compound annual growth rate (CAGR) of 4.1% from 2024 to 2030, potentially reaching USD 2,263.98 billion by the end of the forecast period.

Several factors are propelling this growth, notably the rise of e-commerce, which enhances product accessibility; a growing consumer demand for sustainable and ethically produced apparel; and the significant impact of social media on fashion trends.

Furthermore, demographic changes, particularly the expansion of the middle class in emerging economies, are contributing to market expansion. As consumers become increasingly discerning and tech-savvy, brands are compelled to innovate and adapt their offerings to maintain competitiveness in this dynamic environment.

5.1.2 Economic Cycles

Zimbabwe's clothing and apparel industry has mirrored the country's economic cycles, reflecting both periods of growth and sharp decline since independence in 1980. In the early years, the sector was buoyed by a solid manufacturing base and a flourishing textile industry, supported by policies aimed at import substitution and industrial growth. Textile giants such as David Whitehead Textiles and Cone Textiles were at the heart of this ecosystem, providing high-quality fabrics to local clothing manufacturers, which in turn supplied leading retail brands such as Truworthis, Edgars, Barbour's, and Greentemans. The industry was largely self-sustaining, with local production driving a vibrant retail environment. At this time, Zimbabwe was considered one of the leading manufacturing hubs in sub-Saharan Africa.

However, as the economic environment began to shift in the late 1990s, the apparel sector experienced mounting pressures. Political instability, hyperinflation, and the collapse of financial markets during the 2000s accelerated the decline. The textile industry, once the backbone of the local clothing supply chain, was hit particularly hard. David Whitehead Textiles, a cornerstone of the industry, became one of the most notable casualties, ceasing operations due to poor management, outdated machinery, and escalating operational costs. Other textile firms, such as Cone Textiles and National Blankets, also struggled, resulting in widespread closures and mass layoffs. The collapse of these companies disrupted the entire supply chain, leaving clothing manufacturers with limited access to locally produced fabric. Consequently, manufacturers and retailers were forced to turn to imports, which introduced additional challenges due to foreign currency shortages and restrictive import tariffs.

The liberalization of trade policies in the early 2000s further exacerbated the industry's decline, as cheaper imports from South Africa and Asia flooded the market. The influx of low-cost clothing diminished the competitiveness of local retailers, many of which were heavily reliant on local suppliers. Companies such as Truworthis, Edgars, and Powersales, while remaining operational, began to struggle to maintain profitability in this volatile environment. Recognizing the need to adapt to changing market conditions and dwindling consumer purchasing power, these companies introduced lower-end product lines to cater to cost-conscious consumers. Truworthis launched the Number 1 Stores, offering budget clothing to appeal to the lower-income segment of the market. Similarly, Edgars introduced Jet Stores, providing more affordable options to sustain market share amidst growing competition from informal markets and second-hand clothing vendors.

Barbours and Greatermans, both historic players in the retail industry, also faced steep declines. Once considered luxury and mid-tier department stores, they were also impacted by the collapse of the manufacturing sector and declining disposable incomes. Greatermans, in particular, struggled to retain its market position as consumer spending shifted away from premium brands and high-end products to more affordable alternatives. Both retailers attempted to adjust by scaling down operations, though with limited success, as the economic environment worsened throughout the 2000s.

The COVID-19 pandemic further exacerbated the challenges facing Zimbabwe's clothing and apparel industry, which was already struggling due to economic volatility and a declining local supply chain. The pandemic disrupted global supply chains, making it harder for companies like Truworths, Edgars, and Powersales to source raw materials and finished goods due to international lockdowns and transport restrictions. Lockdown measures also severely affected local sales, which reduced foot traffic in stores and dampened consumer spending. The shift to online shopping, though embraced by some retailers, was limited by the country's low internet penetration and poor infrastructure.

The post-2019 period brought fresh challenges for the remaining retailers. Foreign currency shortages, exacerbated by inconsistent monetary policies, made it difficult for businesses to import the necessary raw materials, such as fabrics and accessories, to keep up with demand.

As a result, companies like Truworths and Edgars had to juggle limited stock availability with rising production costs. Additionally, the decline in local suppliers and the near-total collapse of the textile industry forced many of these companies to either rely on costly imports or lower-quality alternatives to sustain operations.

5.2 The Business Model

5.2.1 Revenue Composition and Revenue Drivers

- Truworths' revenue primarily comprises two main streams: Retail Merchandise Sales and Factory Sales to Third Parties, which account for 83.8% and 1.5% of the total revenue, respectively. The remaining 14.7% comprises of service fees and commissions on debtors.
- Retail Merchandise Sales account for most of the revenue generated through the sale of clothing, footwear, and accessories in the Group's retail stores and online platforms. Notably, 85% of the Group's sales are on credit, which tightens the Group's liquidity position.
- Factory Sales to Third Parties contribute a smaller but significant portion of revenue, resulting from the sale of products directly to external customers, including wholesale, private label sales, and contract manufacturing.
- Other revenue streams, such as services and loyalty programs, comprise a smaller portion of the company's total revenue.

5.2.2 Cost Structure

- The company's cost structure is predominantly driven by two major components: Employment and Occupancy Costs, which account for 39.1% and 21.7% of the total costs, respectively.
- Employment Costs, being the most significant portion, reflect the labour-intensive nature of the company's retail operations. Occupancy Costs, covering rent, utilities, and maintenance, form the second-largest cost element, emphasizing the significance of maintaining a physical store presence.
- These two components shape the company's overall cost profile, with other operational expenses playing a relatively more minor role.

5.2.3 Operational Strategy

Truworths' operational model consists of four key stages: Design, Manufacturing, Distribution Center, and Retail.

Table 15: Operational Stages

Stage	Description
Design	The design stage is where Truworthis' in-house design teams create fashion products, considering trends, consumer preferences and quality standards.
Manufacturing	This stage involves the production of high-quality apparel at its Bravette manufacturing unit. By owning its manufacturing process, Truworthis ensures consistent product quality, reduces lead times, and responds quickly to changing consumer needs.
Distribution Centre	This division distributes the company's products to its extensive network of retail outlets, as well as to other third-party retailers. Its activities allow Truworthis to expand its reach and increase revenue streams.
Retail	The retail stage is where Truworthis interacts directly with customers, offering a range of products through its network of 26 stores in Zimbabwe, it operates under Truworthis, Topics, and Number 1 brands, which are strategically located in prime shopping destinations. This retail presence allows Truworthis to reach a diverse customer base and maintain a strong market position and can ensure a consistent brand experience.

5.3 Corporate Governance

Upon reviewing the company's corporate governance, we observed that Truworthis Zimbabwe Limited's board and management had significant industry expertise. However, the board composition did not meet ZIMCODE's best practices, which recommend a majority of independent non-executive directors.

5.4 Financial Overview (2019 – 2023)

A summary of the key financial highlights of the company are shown in the table below:

Table 16: Summary of Key Financial Metrics (2019 – 2023)

Summary of Key Metrics –Truworthis (USD)					
	Revenue (ZWL)	Profit/(loss) for the year (ZWL)	Net Profit Margin	Current Ratio	Quick Ratio
FY2019	147,800,267	64,529,384	44%	1.50	1.04
FY2020	146,148,484	9,355,597	6%	2.60	0.85
FY2021	246,086,111	(55,368,338)	-22%	1.60	0.45
FY2022	943,980,373	(37,136,777)	-4%	1.35	0.35
FY2023	2,472,256,077	1,435,284,652*	58	1.68	0.21

*The company incurred an operating loss of ZWL 1,293,611,757, but after accounting for an exchange gain, it achieved a profit. Effectively the company has been making losses since 2021.

NOTES

- The group faced challenges across prior years, with fluctuating revenues and margins. Negative equity and rising accounts payable signalled financial distress.
- There was also a concerning mismatch between net income and cash flow, compounded by frequent financing activities to sustain operations.

The statement of affairs at the time of filing for corporate rescue and following Due Diligence are shown below:

Table 17: Statement of affairs at the time of filing for corporate rescue and following Due Diligence

	Original (USD)	Final (USD)
Statement of Affairs 7 August 2024	Before Due Diligence	After Due Diligence
Assets		
Non-Current Assets	780,452	803,843
Current Assets	759,918	402,980
<i>Inventory</i>	588,194	267,199
<i>Debtors</i>	163,280	130,624
<i>Other current assets</i>	3,287	-
<i>Cash</i>	5,157	5,157
Total Assets	1,540,370	1,206,823
Liabilities**		
Non-Current Liabilities	(24,242)	-
<i>Secured creditors</i>	-	-
<i>Unsecured creditors</i>	(24,242)	-
Current Liabilities	(2,510,449)	(3,270,951)
<i>Secured creditors</i>	-	-
Unsecured creditors	(2,510,449)	(3,270,951)
<i>Employees</i>	(1,384,329)	(1,965,768)
<i>Trade and Other Creditors</i>	(930,255)	(1,480,582)
<i>Statutory</i>	(195,865)	(175,399)
Total liability	(2,534,691)	(3,270,951)
Net liability	(994,321)	(2,064,128)

- The table above indicates that the company had a negative net asset balance of **US\$994,321** as of 07 August 2024 (**US\$2,064,128** after due diligence and provision for severance pay of US\$1,043,660)
- From the table above, Truworths Zimbabwe Limited is technically insolvent and requires both capital injection and a shift in operational strategies to change the trajectory of the company's financial performance and position.

5.5 Key findings

- The rise of local fashion designers and brands offers an opportunity to tap into the increasing demand for locally made, unique, and culturally relevant apparel.
- At its peak, the group operated 101 stores, but this has since been reduced to 26, significantly limiting its reach and growth potential. Expanding the number of stores will help restore its network and improve overall performance.
- The company faced significant inventory management issues due to inadequate staffing, a lack of independent oversight, manual record-keeping, poor inventory organization, outdated pricing, and insufficient stock counts. These issues were exacerbated by system limitations and disruptions, which increased the risk of errors, discrepancies, and potential losses.
- The Group's debt collections have been declining monthly, with an average recovery rate of 80% for Truworths and Topics in 2024.
- The business requires capital injection and business model refinement in order to turn around.

6. STEPS TAKEN SINCE THE APPOINTMENT OF THE CORPORATE RESCUE PRACTITIONER

6.1 ADMINISTRATIVE MATTERS

6.1.1 Appointment of CRP

Upon appointment, the CRP executed his duties in terms of **Section 133** of the Act and commenced an investigation of the company's affairs, business, property, and financial situation. The CRP has focused on:

6.1.1.1 Review of the business model

- Assessed and revisited the business model of Truworths Zimbabwe Limited to ensure its viability.
- Considerable cost structure reduction, including seizure of payments for unnecessary licenses and expenses.
- Instituted tight cash flow management.

6.1.1.2 Corporate Governance and management control

- Following the dissolution of the Board of Directors in terms of **section 130(2)**¹¹, the CRP took full management control of the company in substitution for its board and management.
- Employees have been put on short time and unpaid leave.

6.1.1.3 Material Assets

- Material assets are factory equipment, motor vehicles and deferred tax.
- The CRP has taken complete control of all company assets.

6.1.2 Notification to Company Registrar and Affected Persons

The CRP notified the Company Registrar and Affected Persons that the Company had been placed under Corporate Rescue. The notification included the appointment of the Corporate Rescue Practitioner, a board resolution, and an advertisement.

6.1.3 Ratification of agreements

Table 18: Ratification of Functional / Operating Agreements

Agreement	Parties	Ratified/Terminated
Lease agreements	Engagements with Landlords	Ratified
Employment contracts	Truworths Staff The CRP shall reconsider employee contracts in terms of Section 129 (1) (a)(i) ¹²	Ratified

6.1.4 Cash Resources and banking

- As at Commencement of corporate rescue, the Company had **US\$5,157** cash on hand. The funds were used to cover critical operating expenses.
- The Company generates revenue through its normal trading activities, which include clothing apparel, footwear and accessories sales.

¹¹ **Section 130:** *Effect on shareholders and directors.*

¹² **Section 129:** *Effect of corporate rescue on employees and contracts.*

- To preserve and manage the already laced cash resources of the Company, the CRP has implemented a process whereby all purchase orders and other expenses are vetted before they are approved.

6.1.5 Employees' Meeting

- The Corporate Rescue process was explained, and possible outcomes were presented, to the employees. Employees were kept abreast of developments through subsequent meetings.
- Employees were also assisted by providing answers to various questions and concerns arising from the Corporate Rescue Process.
- Employees expressed their support for Business Rescue.

Rescue Plan
Section 142 (b): PART B

PART B

7. CORPORATE RESCUE PLAN FOR CONSIDERATION

Following the placement of Truworths Zimbabwe Limited on Corporate Rescue, several potential prospects were approached to consider investment into the business. The CRP then held meetings with the prospective investors and provided information that included both financial and non-financial information. The prospective investors were then requested to submit their offers.

The prospects were to be assessed on the basis of both the financial and the qualitative factors for the provision of a sustainable business model going forward. It is on the basis of this assessment that the Valfin Investments (Private) Limited led consortium (“Valfin”) bid was considered acceptable. Detailed below are the features of the Valfin Consortium binding offer:

7.1 Market expansion prospects

Truworths Zimbabwe Limited offers a unique opportunity that aligns closely with Valfin's strategic growth objectives. As a clothing manufacturing company, Truworths presents a potential avenue for forward integration, enhancing operational efficiencies and expanding value chain capabilities.

7.2 Proposed involvement

The proposed involvement includes investment, restructure and revitalization of the business through creation of strategic partnerships, brand investment, and the revamping of stores in order to create an ideal shopping environment.

7.3 Financial Capacity

The Consortium has the financial capacity and commitment required to support the proposed investment into Truworths Zimbabwe Limited.

7.4 BINDING OFFER FROM VALFIN-LED CONSORTIUM

7.4.1 Salient features of the offer

- Valfin-led Consortium will inject **US\$2,000,000** into :
 - (i) Merchandise
 - (ii) Renovation of all retail locations to enhance the overall shopping experience for customers.
 - (iii) Acquisition and deployment of a retail management system to all stores to streamline inventory management and enhance retail point-of-sale operations.
 - (iv) Covering operational expenses
- First Mutual Microfinance (“FMM”) will take over and manage the Debtors book. FMM has the capability to manage a debtor’s book from a minimum of **USD 2 million**.
- Consortium capital injection will be done over a period of 6 months, whilst FMM will grow in line with the growth of the business.
- Ringfenced creditors and post-commence expenses up to 30 November 2024 shall be converted to debentures with tenures ranging from 6 months to 24 months at an annual interest rate of **8%**:
 - (i) Corporate Rescue expenses and NEC employees - shall be paid from months 7 to 12.
 - (ii) All other creditors - shall be paid in 3 equal instalments in months 12, 18, and 24.
- The investors will take over the management of the business.
- Truworths’ employees will be considered for employment under new contracts on terms and conditions to be agreed upon. No employee liabilities are being carried over, as they have been accounted for in the balance sheet liabilities.

- Corporate Rescue Practitioner's fees and expenses will be settled through monthly payments commencing six months after the business has been successfully revitalized.
- Truworths will be delisted from the Zimbabwe Stock Exchange.
- Current shareholders will be paid one dollar for their shareholding.
- Supervisory employees, i.e. managerial and executive staff, will be paid by them taking over the Bravette business as the investors already have a manufacturing unit. However, an offtake agreement, primarily a tolling arrangement, will be established between Bravette and Truworths Zimbabwe Limited. In addition, Bravette will be advanced motor vehicles worth US\$83,025, stocks valued at US\$27,581 and US\$30,000 cash (US\$10,000 for 3 months) to capacitate its operations.
- An employee share ownership Trust will be created, and the supervisory employees will be given units. (**NB** NEC employees will be issued short-term debentures)

Notes:

- Distribution amounts to creditors are subject to the tax loss assessments by ZIMRA confirming the value of the deferred tax asset. Should there be a variation exceeding 5%, the value available for distribution will be adjusted accordingly.
- Liabilities include severance pay for employees up to 30 November 2024. The new investors will not have any liability to employees or any creditors for the period prior to 30 November 2024, except as provided for in this corporate rescue plan.

7.4.2 Distribution and payment of creditors under the Valfin Consortium offer

Table 19: Distribution to Creditors under Valfin offer

Transaction and distribution	Note	US\$
Assets as at 7 August 2024	(a)	1,206,283
Less: Assets write down / revaluation ¹	(b)	(55,000)
<i>Inventory impairment</i>		(168,000)
<i>Debtors impairment</i>		(30,000)
<i>Cash impairment</i>		(5,000)
<i>CRP Negotiation for upward valuation of Bravette Factory</i>		148,000
Net Asset Value	(a) + (b) = (c)	1,151,283
Less: Provision of Post Commencement Expenses	(d)	(638,219)
<i>Aug-24 to Nov-24²</i>		(600,000)
<i>Provision for bank charges and exchange rate fluctuations</i>		(38,219)
	(c) - (d) = (e)	513,064
Corporate Rescue fees (pre-plan approved expenses SI156/2023³)	(f)	(120,550)
Proceeds available for Pre-Commencement Creditors	(e) - (f) = (g)	392,514
Total Creditors after Due Diligence	(h)	3,270,951
Distribution to Pre-Commencement Creditors for every dollar owed	(g) / (h)	0.12

¹These Adjustments follow the Due Diligence done by the investor.

²The post-commencement provision is split as shown below and will be included in debentures:

Creditor	Value (US\$)
Employees	254,611
Landlords	205,072
Other Trade Creditors	102,654
Contingencies	37,663
Total	600,000

³Corporate Rescue Expenses will be paid upon liquidation of the Debtors Book by FMM. The breakdown of the US\$120,550 is as shown below:

Expense	Value (US\$)
Corporate Rescue Fees and Disbursements	50,367
Financial Due Diligence and Information Memorandum Preparation Fees	20,000
Stock Takes and Asset Verification Fees	10,000
Tax Due Diligence Fees	5,000
HR Due Diligence Fees	5,000
Legal Fees	10,000
Master's Fees	20,183
Total	120,550

In addition, the business will pay additional Corporate Rescue Expenses in the form of:

Expense	Value (US\$)
Capital Raise Fees (3% of US\$5 million)	150,000
CR Implementation Costs	40,000
Total	190,000

The distribution is in line with the offer and can be compared to the liquidation alternative shown in 7.5 below.

7.5 LIQUIDATION OPTION

Table 20: Distribution to Creditors under liquidation option

Transaction and distribution	Discount	30.00%	50.00%
	Note	US\$	US\$
Assets as at 7 August 2024	(a)	1,206,283	1,206,283
Less: Deferred tax asset	(b)	(468,692)	(468,692)
Net Assets	(a) + (b) = (c)	737,591	737,591
Forced sales Value	(d)	516,314	368,796
Corporate Rescue Transaction fees SI156/2023	(e)	(120,550)	(120,550)
Liquidation Expenses	(f)	(16,596)	(16,596)
Residue available for liquidation and creditors	(d) – (e) – (f) = (g)	379,168	231,650
Provision of Post Commencement Losses	(h)	(938,219)	(938,219)
<i>Aug-24 to Nov-24</i>		<i>(600,000)</i>	<i>(600,000)</i>
<i>Dec-24 to Jan 25 – Liquidation losses</i>		<i>(300,000)</i>	<i>(300,000)</i>
<i>Provision for bank charges</i>		<i>(38,219)</i>	<i>(38,219)</i>
Residue available for the liquidation process	(g) - (h) = (i)	(559,051)	(706,569)
Proceeds available for Pre-Commencement Creditors *	(j)	-	-

Note: The creditors' claims in the ZiG currency were converted to USD using the official RBZ interbank rate as at 8 November 2024.

*Under both discount scenarios, the pre-commencement creditors will get zero distribution. On the post Corporate Rescue commencement expenses, the creditors will get at most 20% compared to 100% plus 8% interest under the Valfin offer.

8. CORPORATE RESCUE PROCESS ON CRAFTING THE RESCUE PLAN

8.1 The corporate rescue practitioner consulted with the following stakeholders as part of the corporate rescue plan.

- (i) Employees.
- (ii) Shareholders.
- (iii) Legal Counsel.
- (iv) Creditors Committee.
- (v) Landlords.
- (vi) Potential Investors.
- (vii) Master of the High Court

8.2 Scenarios

During the consultation process, the CRP presented two (2) scenarios as shown below; -

- (i) Liquidation
- (ii) Takeover of the business by the Valfin led Consortium.

Table 21: Comparison of Possible Way Forward Options

Item	Option 1	Option 2
	Liquidation	Valfin led Consortium Offer
Distribution to ring-fenced creditors	<ul style="list-style-type: none"> 0 cents in a dollar (average for 30% and 50% forced sale value discount). 	<ul style="list-style-type: none"> 12 cents in a dollar*
Other Effects	<ul style="list-style-type: none"> Employees lose their jobs. Partial settlement (at most 20%) of the post CR commencement costs. 	<ul style="list-style-type: none"> Payments to creditors will be made over a period of 6 to 24 months, through the liquidation of the debentures. Full restitution of the post CR Commencement costs. Interest of 8% per annum on debentures. Jobs saved for employees. Empowerment of Employees by the takeover of Bravette.

*The **12 cents per dollar** is subject to an assessment of tax loss by ZIMRA to support the deferred tax asset of **US\$468,692**. Any variation above 5% will result in an adjustment of the Distribution.

8.2.1 Implementation of option 2

- A debenture of **US\$156,622.02** (12 cents multiplied by **US\$1,305,184**) will be floated for Landlords and Trade creditors, which will be redeemed/settled in three equal instalments from month 12 up to month 24 post the corporate plan adoption to allow the business to recover.
- Supervisory employees will take over ownership and management of the Bravette facility under an employee share ownership scheme along with PPE worth **US\$252,126** (equivalent to **12 cents** in a dollar based on the employee liability of **US\$1,965,768**). The portion relating to NEC will be floated as a debenture to be paid by Truworths.
- Motor Vehicles worth **US\$83,025**, Stocks valued at **US\$27,581** and **US\$30,000** cash (US\$10,000 for 3 months) will be advanced to the business as debt to ensure smooth operations. The repayment of the **US\$140,606** will be tied to debenture repayments.
- The Consortium will guarantee the offtake of all merchandise produced by the factory.
- Post-corporate rescue Commencement Creditors will also have a debenture floated, which will be payable from month 6 to month 24.
- The total amount to be floated as debentures is shown below as follows:

Table 22: Total amount floated as Debentures

Item	US\$
Pre commencement creditors	241,183
Post commencement creditors	600,000
Corporate Rescue expenses	120,550
Capital raise fees	150,000
Post implementation expenses	40,000
Total	1,067,172

- The summary of the Debentures split between pre and post commencement portion is shown below:

Table 23: Summary of Debentures

Creditor	Pre-Commencement Portion (US\$)	Post Commencement Portion (US\$)	Total (US\$)
Employees	84,561	170,050	254,611
Landlords	72,986	205,072	278,058
Other Trade Creditors	83,636	140,317	223,953
Corporate Rescue Expenses*	-	310,550	310,550
Total	241,183	825,989	1,067,172

*Balance to be reduced by debtors taken over by First Mutual as at 30 November 2024.

8.3 Key Notes for Ringfenced Creditors

- Ringfenced creditors will face a circa **88%** reduction in their outstanding debt based on the Valfin offer compared to the liquidation scenario, which has a nil payment. Landlords and trade creditors will be paid in three equal instalments from month 12 to 24.
- The debenture will attract an interest rate of **8%** per annum.

**Resolutions Considered
View of CRP
Section 142 (c): PART C**

PART C

9. BUSINESS STRATEGY AND FINANCIAL PROJECTIONS

9.1 Brief Business Strategy

- Sound Board.
- Lean Management and staff structure.
- Tight treasury management policies.
- Value procurement processes.
- Adequate systems for effective and prompt management actions.
- Quality Merchandise.
- Optimal stakeholder management (suppliers etc).

9.2 Financial Projections

9.2.1 Key Ratios

Table 24: Key Ratios

Year	1	2	3
Gross Profit Margin	61%	55%	55%
Net Profit Margin	14%	24%	31%
Return on Assets	12%	31%	38%
Return on Equity	16%	32%	42%

9.2.2 Income Statement

Table 25: Income Statement

Year	1	2	3
Sales	2,180,837	3,818,181	6,541,994
Cost of Sales	(852,475)	(1,718,181)	(2,943,897)
Gross Profit	1,328,362	2,099,999	3,598,097
Trading Expense	-	-	-
Employment costs	(318,088)	(431,894)	(702,597)
Occupancy costs	(374,189)	(406,859)	(442,382)
Other Operating Costs	(214,582)	(287,130)	(409,378)
Depreciation	(40,340)	(40,340)	(40,340)
Total Expenses	(947,200)	(1,166,223)	(1,594,697)
EBIT	381,163	933,776	2,003,399
Debenture interest costs	(75,954)	(20,080)	-
Profit for the year	305,208	913,696	2,003,399

9.2.3 Statement of Financial Position

Table 26: Statement of Financial Position

Year	1	2	3
Assets			
Non-Current Assets:			
Property Plant and equipment	361,361	321,020	280,680
Deferred Tax Asset	390,101	154,824	-
Systems	60,000	60,000	60,000
Financial Asset	93,737	-	-
Total Non-current	905,199	535,845	340,680
Current Assets:			
Cash and cash equivalents	1,177,501	1,655,324	3,544,239
Inventory	404,228	779,171	1,335,016
Trade debtors	-	-	-
Total Current Assets	1,581,729	2,434,495	4,879,255
Total Assets	2,486,928	2,970,339	5,219,935
Equity and Liabilities			
Equity:			
Share Capital	1,600,000	1,600,000	1,600,000
Retained Earnings	305,208	1,218,904	3,222,303
Total Equity	1,905,208	2,818,904	4,822,303
Liabilities:			
Non-Current Liabilities:			
Debentures	334,674	-	-
Current Liabilities:			
Trade payables	247,046	151,435	1,335,016
Total Liabilities	581,720	151,435	397,632
Total Equity and Liabilities	2,486,928	2,970,339	5,219,935

The above financial projections indicate that the business will be viable upon takeover and capital injection by the Valfin Consortium.

10. UNDERTAKINGS AND WARRANTIES

10.1 Creditors

If this corporate rescue plan is approved and is implemented in accordance with this Plan, the creditor is not entitled to enforce any debt owed by the company immediately before the beginning of the corporate rescue process as well as post CR commencement expenses to 30 November, except to the extent provided for in the corporate rescue plan. Discharge of claims shall be made in full and final settlement.

10.2 Shareholders

If the corporate rescue plan is adopted, the current shares in Truworths Zimbabwe Limited will be liquidated for a dollar.

10.3 Employees

Upon approval of the plan, rationalisation of staff has no recourse for severance claims related to any period before 30 November 2024, as provisions for terminations have already been made.

10.4 Truworths Key Deliverables under Valfin Consortium

- Refining the business model.
- Off-taking merchandise produced from the Bravette factory.
- Floating and honouring debenture obligations.

10.5 Corporate Rescue Practitioner Key Deliverables

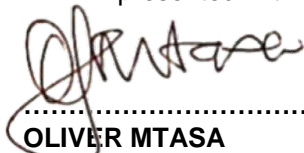
- Creation of an Employee Share Ownership Trust to own the Bravette Factory.
- Delisting Truworths Zimbabwe Limited from the Zimbabwe Stock Exchange.

11. CONSIDERED VIEW OF THE CORPORATE RESCUE PRACTITIONER

It is the considered view of the CRP that the offer from the Valfin Consortium as detailed in this corporate rescue plan, be adopted and passed by the creditors meeting in line with **Section 144** of the Act.

12. DECLARATION OF THE CORPORATE RESCUE PRACTITIONER

The appointed Corporate Rescue Practitioner of Truworths Zimbabwe Limited, Dr. Oliver Mtasa, of Crowe Advisory (Private) Limited do hereby confirm that the actual information presented in this report, is in good faith.



.....
OLIVER MTASA
CORPORATE RESCUE PRACTITIONER
TRUWORTHS LIMITED (UNDER CORPORATE RESCUE)

ANNEXURES

ANNEXURE A: CORPORATE RESCUE PRACTITIONER'S CERTIFICATE OF APPOINTMENT

G.P. & S. 79755-Q

M.H.C. No. 256

Insolvency Act [Chapter 6:07]

IN THE HIGH COURT OF ZIMBABWE

Certificate of Appointment of

Corporate Rescue Practitioner

MoHC- C.R.P 23 /24

DR OLIVER MTASA

These are to Certify that.....

CROWE ADVISORY (PVT) LTD

of.....

has furnished security under the provisions of section 131 (1) (f) of the Insolvency Act (Chapter 6:07) for the performance of his duties as the duly appointed Corporate Rescue Practitioner of **TRUWORTHS LIMITED** and has the powers to manage the company in accordance with provisions of section 133 of the Insolvency Act (Chapter 6:07).

7th August

Given under my hand at the Master's Office, Harare, this....day of.....2024.



.....
Master of the High Court



ANNEXURE B: LIST OF CREDITORS

List of Creditor	Amount under consideration (USD)*	12 cents in a dollar (US\$)
Ernest and Young (EY)	26,310	3,157
Mining Industry Pension Fund	210,137	25,216
Mega Market Pvt Ltd	173,853	20,862
Stylepilot Entreprises Pvt Ltd	5,496	660
Nissan Clover Motors	3,310	397
Michael Mahachi ta Syndicate Incorporated	10,458	1,255
D.Matete & Co Commercial Law	27,821	3,339
Honey and Blankenberg	939	113
Honey and Blankenberg	8,798	1,056
Zimbabwe Stock Exchange	58,150	6,978
Gliding Star Enterprises Pvt Ltd	22,877	2,745
First Mutual Properties	16,738	2,009
Old Mutual Life Assurance Company Zimbabwe Ltd	234,015	28,082
Tel-One Pvt Ltd	300	36
Destiny Electronics Pvt Ltd	13,330	1,600
FCM Consulting	821	98
Matebeleland Clothing	8,285	994
Alomomola Pvt Ltd	13,344	1,601
Nailage Enterprises ta Tribal Landscapes	1,171	140
Playtime Manufacturers Pvt Ltd	12,821	1,539
Commercial Workers Union of Zimbabwe	40	5
Playtime Manufacturers Pvt Ltd	1,641	197
Grant Thornton	12,800	1,536
Imara Fiduciary Pvt Ltd	16,987	2,038
Truworths Ltd (South Africa)	27,938	3,353
Hollerten Trading ta Destiny Taxis	1,530	184
Viva Marketing Pvt Ltd	1,789	215
National Railways of Zimbabwe	22,726	2,727
Jamay Holdings Pvt Ltd	147,325	17,679
Corpserve	10,150	1,218
Escrow	1,840	221
Pangolin	1,375	165
Navina	335	40
Bekithemba Ndebele	75,000	9,000
ZIMRA	175,412	21,049
Gin Quest	5,029	603
Truworths Executives	561,739	67,409
Truworths Managerial	624,352	74,922
Directors' fees	29,295	3,515
Bravette employees	259,790	31,175
Truworths employees	444,886	53,386
Total Creditors	3,270,951	392,514

*Amount includes ZiG claims. Claims will be settled in the currency in which they were incurred.

Creditor Summary	Amount under consideration (US\$)	12 cents in a dollar (US\$)
Employees	1,965,768	235,892
Trade Creditors	696,968	72,986
Landlords	608,215	83,636
TOTAL	3,270,951	392,514

ANNEXURE C: TRUWORTHS FINANCIAL PROJECTIONS

Key Assumptions:

- A gross profit margin of 65% is envisaged throughout the forecast period.
- Debentures will earn interest at 8% per annum.
- Costs will grow by a month-on-month inflation rate of 0.7% (3% annually).
- US\$2 million will be injected into the business over a 6-month period.
- The company will procure merchandise from external suppliers at terms of up to 60-days.

1. INCOME STATEMENT (MONTH 1 TO 12)

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Sales	120,000	132,000	145,200	159,720	167,706	176,091	184,896	194,141	203,848	214,040	224,742	258,453	2,180,837
Cost of Sales	(42,000)	(46,200)	(50,820)	(63,888)	(67,082)	(70,437)	(73,958)	(77,656)	(81,539)	(85,616)	(89,897)	(103,381)	(852,475)
Gross Profit	78,000	85,800	94,380	95,832	100,624	105,655	110,938	116,484	122,309	128,424	134,845	155,072	1,328,362
Trading Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Employment costs	(25,000)	(25,175)	(25,351)	(25,529)	(25,707)	(25,887)	(26,069)	(26,251)	(27,039)	(27,850)	(28,685)	(29,546)	(318,088)
Occupancy costs	(30,000)	(30,210)	(30,421)	(30,634)	(30,849)	(31,065)	(31,282)	(31,501)	(31,722)	(31,944)	(32,167)	(32,393)	(374,189)
Other Operating Costs	(17,000)	(17,119)	(17,239)	(17,360)	(17,481)	(17,603)	(17,727)	(17,851)	(17,976)	(18,515)	(19,070)	(19,642)	(214,582)
Depreciation	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(40,340)
Total Expenses	(75,362)	(75,866)	(76,373)	(76,884)	(77,399)	(77,917)	(78,439)	(78,965)	(80,098)	(81,670)	(83,285)	(84,942)	(947,200)
EBIT	2,638	9,934	18,007	18,948	23,225	27,738	32,498	37,520	42,211	46,754	51,561	70,130	381,163
Debenture interest costs	(7,114)	(7,114)	(7,114)	(7,114)	(7,114)	(7,114)	(7,114)	(6,487)	(5,859)	(5,231)	(4,603)	(3,975)	(75,954)
Profit for the month	(4,476)	2,820	10,892	11,833	16,110	20,623	25,384	31,033	36,352	41,523	46,958	66,155	305,208

2. INCOME STATEMENT (MONTH 13 TO 24)

Month	13	14	15	16	17	18	19	20	21	22	23	24	Total
Sales	253,284	248,219	260,630	273,661	287,344	301,711	316,797	332,637	349,269	366,732	385,069	442,829	3,818,181
Cost of Sales	(113,978)	(111,698)	(117,283)	(123,147)	(129,305)	(135,770)	(142,559)	(149,687)	(157,171)	(165,029)	(173,281)	(199,273)	(1,718,181)
Gross Profit	139,306	136,520	143,346	150,514	158,039	165,941	174,238	182,950	192,098	201,703	211,788	243,556	2,099,999
Trading Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Employment costs	(30,432)	(31,345)	(32,285)	(33,254)	(34,252)	(35,279)	(36,338)	(37,428)	(38,551)	(39,707)	(40,898)	(42,125)	(431,894)
Occupancy costs	(32,619)	(32,848)	(33,078)	(33,309)	(33,542)	(33,777)	(34,014)	(34,252)	(34,491)	(34,733)	(34,976)	(35,221)	(406,859)
Other Operating Costs	(20,232)	(20,839)	(21,464)	(22,108)	(22,771)	(23,454)	(24,158)	(24,883)	(25,629)	(26,398)	(27,190)	(28,005)	(287,130)
Depreciation	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(40,340)
Total Expenses	(86,645)	(88,393)	(90,189)	(92,033)	(93,927)	(95,872)	(97,871)	(99,924)	(102,033)	(104,199)	(106,426)	(108,713)	(1,166,223)
EBIT	52,661	48,127	53,158	58,481	64,113	70,069	76,368	83,027	90,065	97,503	105,362	134,843	933,776
Debt interest costs	(2,231)	(2,231)	(2,231)	(2,231)	(2,231)	(2,231)	(1,116)	(1,116)	(1,116)	(1,116)	(1,116)	(1,116)	(20,080)
Profit for the month	50,430	45,896	50,927	56,250	61,881	67,838	75,252	81,911	88,950	96,388	104,246	133,727	913,696

3. INCOME STATEMENT (MONTH 25 TO 36)

Month	25	26	27	28	29	30	31	32	33	34	35	36	Total
Sales	433,972	425,293	446,557	468,885	492,330	516,946	542,793	569,933	598,430	628,351	659,769	758,734	6,541,994
Cost of Sales	(195,288)	(191,382)	(200,951)	(210,998)	(221,548)	(232,626)	(244,257)	(256,470)	(269,293)	(282,758)	(296,896)	(341,430)	(2,943,897)
Gross Profit	238,685	233,911	245,607	257,887	270,781	284,320	298,536	313,463	329,136	345,593	362,873	417,304	3,598,097
Trading Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Employment costs	(44,231)	(46,443)	(48,765)	(51,203)	(53,764)	(56,452)	(59,274)	(62,238)	(65,350)	(68,617)	(72,048)	(74,210)	(702,597)
Occupancy costs	(35,467)	(35,716)	(35,966)	(36,217)	(36,471)	(36,726)	(36,983)	(37,242)	(37,503)	(37,765)	(38,030)	(38,296)	(442,382)
Other Operating Costs	(28,846)	(29,711)	(30,602)	(31,520)	(32,466)	(33,440)	(34,443)	(35,477)	(36,541)	(37,637)	(38,766)	(39,929)	(409,378)
Depreciation	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(3,362)	(40,340)
Total Expenses	(111,906)	(115,231)	(118,695)	(122,303)	(126,062)	(129,980)	(134,063)	(138,318)	(142,755)	(147,382)	(152,206)	(155,797)	(1,594,697)
EBIT	126,779	118,680	126,912	135,584	144,719	154,341	164,474	175,145	186,381	198,212	210,667	261,507	2,003,399
Debt interest costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the month	126,779	118,680	126,912	135,584	144,719	154,341	164,474	175,145	186,381	198,212	210,667	261,507	2,003,399

1. STATEMENT OF CASHFLOWS (MONTH 1 TO 12)

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Cashflows from Operating Activities:													
Profit for the for the month	(4,476)	2,820	10,892	11,833	16,110	20,623	25,384	31,033	36,352	41,523	46,958	66,155	305,208
Add: Depreciation	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	40,340
(Increase)/Decrease in Trade Receivables	-	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Increase/(Decrease) in Trade Payables	-	200,000	200,000	(141,867)	4,163	22,295	4,590	14,459	25,810	5,314	28,455	41,009	404,228
(Increase)/Decrease in Inventory	-	(43,827)	-	(58,133)	(4,163)	(22,295)	(4,590)	(14,459)	(25,810)	(5,314)	(28,455)	(41,009)	(248,055)
Decrease in Deferred Tax Asset	-	-	-	-	-	-	-	-	-	-	-	(78,591)	(78,591)
Net cashflows from operating activities	(1,114)	262,355	214,254	(184,805)	19,472	23,985	28,746	34,395	39,714	44,885	50,320	(9,075)	523,130
Cash flows from Investing Activities:	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt from Bravette loan facility	-	-	-	-	-	-	-	-	-	-	-	46,869	46,869
(Acquisition)/Disposal of PPE	(50,000)	(50,000)	(50,000)	(50,000)	-	-	-	-	-	-	-	-	(200,000)
(Acquisition)/Disposal of Systems	(30,000)	(30,000)	-	-	-	-	-	-	-	-	-	-	(60,000)
Net cashflows from investing activities	(80,000)	(80,000)	(50,000)	(50,000)	-	-	-	-	-	-	-	46,869	(213,131)
Cashflows from Financing Activities:	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance/Repayment of Debentures	-	-	-	-	-	-	(94,194)	(94,194)	(94,194)	(94,194)	(94,194)	(261,531)	(732,498)
Cash injection into the business	300,000	260,000	260,000	260,000	260,000	260,000	-	-	-	-	-	-	1,600,000
Net cashflows from financiag activities	300,000	260,000	260,000	260,000	260,000	260,000	(94,194)	(94,194)	(94,194)	(94,194)	(94,194)	(261,531)	867,502
Opening cash and cash equivalents	-	218,886	661,240	1,085,494	1,110,689	1,390,161	1,674,146	1,608,698	1,548,899	1,494,420	1,445,111	1,401,237	13,638,980
Net cash flows for the month	218,886	442,355	424,254	25,195	279,472	283,985	(65,448)	(59,799)	(54,479)	(49,308)	(43,874)	(223,736)	1,177,501
Closing Cash and cash equivalents	218,886	661,240	1,085,494	1,110,689	1,390,161	1,674,146	1,608,698	1,548,899	1,494,420	1,445,111	1,401,237	1,177,501	14,816,481

2. STATEMENT OF CASHFLOWS (MONTH 13 TO 24)

Month	13	14	15	16	17	18	19	20	21	22	23	24	Total
Cashflows from Operating Activities:													
Profit for the for the month	50,430	45,896	50,927	56,250	61,881	67,838	75,252	81,911	88,950	96,388	104,246	133,727	913,696
Add: Depreciation	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	40,340
(Increase)/Decrease in Trade Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Trade Payables	41,433	21,207	(8,283)	38,980	8,025	42,975	8,848	27,871	49,749	10,242	54,848	79,046	374,943
(Increase)/Decrease in Inventory	(41,433)	(21,207)	8,283	(38,980)	(8,025)	(42,975)	(8,848)	(27,871)	(49,749)	(10,242)	(54,848)	(79,046)	(374,943)
Decrease in Deferred Tax Asset	-	-	-	-	-	-	-	-	-	-	-	(235,277)	(235,277)
Net cashflows from operating activities	53,792	49,258	54,288	59,611	65,243	71,200	78,614	85,273	92,311	99,749	107,608	(98,188)	718,759
Cash flows from Investing Activities:	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt from Bravette loan facility	-	-	-	-	-	46,869	-	-	-	-	-	46,869	93,737
(Acquisition)/Disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-
(Acquisition)/Disposal of Systems	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cashflows from investing activities	-	-	-	-	-	46,869	-	-	-	-	-	46,869	93,737
Cashflows from Financing Activities:	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance/Repayment of Debentures	-	-	-	-	-	(167,337)	-	-	-	-	-	(167,337)	(334,674)
Cash injection into the business	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	-	-	-	-	-	(167,337)	-	-	-	-	-	(167,337)	(334,674)
Opening cash and cash equivalents	1,177,501	1,231,293	1,280,551	1,334,839	1,394,450	1,459,693	1,410,425	1,489,038	1,574,311	1,666,623	1,766,372	1,873,980	17,659,075
Net cash flows for the month	53,792	49,258	54,288	59,611	65,243	(49,269)	78,614	85,273	92,311	99,749	107,608	(218,656)	477,823
Closing Cash and cash equivalents	1,231,293	1,280,551	1,334,839	1,394,450	1,459,693	1,410,425	1,489,038	1,574,311	1,666,623	1,766,372	1,873,980	1,655,324	18,136,898

3. STATEMENT OF CASHFLOWS (MONTH 25 TO 36)

Month	25	26	27	28	29	30	31	32	33	34	35	36	Total
Cashflows from Operating Activities:													
Profit for the for the month	126,779	118,680	126,912	135,584	144,719	154,341	164,474	175,145	186,381	198,212	210,667	261,507	2,003,399
Add: Depreciation	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	3,362	40,340
(Increase)/Decrease in Trade Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Trade Payables	(15,583)	64,905	(42,761)	66,787	13,750	73,633	15,160	47,753	85,239	17,549	93,976	135,436	555,845
(Increase)/Decrease in Inventory	15,583	(64,905)	42,761	(66,787)	(13,750)	(73,633)	(15,160)	(47,753)	(85,239)	(17,549)	(93,976)	(135,436)	(555,845)
Decrease in Deferred Tax Asset	-	-	-	-	-	-	-	-	-	-	-	(154,824)	(154,824)
Net cashflows from operating activities	130,140	122,041	130,273	138,946	148,081	157,702	167,836	178,506	189,743	201,573	214,029	110,045	1,888,915
Cash flows from Investing Activities:													
Receipt from Bravette loan facility	-	-	-	-	-	-	-	-	-	-	-	-	-
(Acquisition)/Disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-
(Acquisition)/Disposal of Systems	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cashflows from investing activities	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflows from Financing Activities:													
Issuance/Repayment of Debentures	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash injection into the business	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cashflows from financing activities	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash and cash equivalents	1,655,324	1,785,464	1,907,505	2,037,779	2,176,725	2,324,805	2,482,508	2,650,343	2,828,850	3,018,592	3,220,166	3,434,194	29,522,255
Net cash flows for the month	130,140	122,041	130,273	138,946	148,081	157,702	167,836	178,506	189,743	201,573	214,029	110,045	1,888,915
Closing Cash and cash equivalents	1,785,464	1,907,505	2,037,779	2,176,725	2,324,805	2,482,508	2,650,343	2,828,850	3,018,592	3,220,166	3,434,194	3,544,239	31,411,171

1. STATEMENT OF FINANCIAL POSITION (MONTH 1 TO 12)

Month	1	2	3	4	5	6	7	8	9	10	11	12
Assets												
Non-Current Assets:												
Property Plant and equipment	248,339	294,977	341,616	388,254	384,892	381,531	378,169	374,807	371,446	368,084	364,722	361,361
Deferred Tax Asset	468,692	468,692	468,692	468,692	468,692	468,692	468,692	468,692	468,692	468,692	468,692	390,101
Systems	30,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Financial Asset	140,606	140,606	140,606	140,606	140,606	140,606	140,606	140,606	140,606	140,606	140,606	93,737
Total Non-current	887,637	964,275	1,010,914	1,057,552	1,054,190	1,050,829	1,047,467	1,044,105	1,040,744	1,037,382	1,034,020	905,199
Current Assets:												
Cash and cash equivalents	218,886	661,240	1,085,494	1,110,689	1,390,161	1,674,146	1,608,698	1,548,899	1,494,420	1,445,111	1,401,237	1,177,501
Inventory	156,173	200,000	200,000	258,133	262,297	284,592	289,182	303,641	329,451	334,765	363,220	404,228
Trade debtors	100,000	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	475,059	861,240	1,285,494	1,368,822	1,652,458	1,958,738	1,897,880	1,852,540	1,823,871	1,779,876	1,764,457	1,581,729
Total Assets	1,362,696	1,825,515	2,296,408	2,426,374	2,706,648	3,009,566	2,945,347	2,896,646	2,864,614	2,817,258	2,798,477	2,486,928
Equity and Liabilities												
Equity:												
Share Capital	300,000	560,000	820,000	1,080,000	1,340,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Retained Earnings	(4,476)	(1,656)	9,236	21,069	37,179	57,802	83,186	114,220	150,572	192,095	239,053	305,208
Total Equity	295,524	558,344	829,236	1,101,069	1,377,179	1,657,802	1,683,186	1,714,220	1,750,572	1,792,095	1,839,053	1,905,208
Liabilities:												
Non-Current Liabilities:												
Debentures	1,067,172	1,067,172	1,067,172	1,067,172	1,067,172	1,067,172	972,979	878,785	784,592	690,398	596,205	334,674
Current Liabilities:												
Trade payables	-	200,000	400,000	258,133	262,297	284,592	289,182	303,641	329,451	334,765	363,220	247,046
Total Liabilities	1,067,172	1,267,172	1,467,172	1,325,305	1,329,469	1,351,764	1,262,161	1,182,426	1,114,042	1,025,163	959,424	581,720
Total Equity and Liabilities	1,362,696	1,825,515	2,296,408	2,426,375	2,706,648	3,009,566	2,945,347	2,896,646	2,864,614	2,817,258	2,798,477	2,486,928

2. STATEMENT OF FINANCIAL POSITION (MONTH 13 TO 24)

Month	13	14	15	16	17	18	19	20	21	22	23	24
Assets												
Non-Current Assets:												
Property Plant and equipment	357,999	354,637	351,276	347,914	344,552	341,191	337,829	334,467	331,106	327,744	324,382	321,020
Deferred Tax Asset	390,101	390,101	390,101	390,101	390,101	390,101	390,101	390,101	390,101	390,101	390,101	154,824
Systems	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Financial Asset	93,737	93,737	93,737	93,737	93,737	46,869	46,869	46,869	46,869	46,869	46,869	-
Total Non-current	901,837	898,476	895,114	891,752	888,390	838,160	834,798	831,437	828,075	824,713	821,352	535,845
Current Assets:												
Cash and cash equivalents	1,231,293	1,280,551	1,334,839	1,394,450	1,459,693	1,410,425	1,489,038	1,574,311	1,666,623	1,766,372	1,873,980	1,655,324
Inventory	445,662	466,869	458,586	497,566	505,591	548,566	557,414	585,285	635,034	645,276	700,125	779,171
Trade debtors	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,676,954	1,747,419	1,793,424	1,892,016	1,965,284	1,958,991	2,046,452	2,159,596	2,301,656	2,411,648	2,574,105	2,434,495
Total Assets	2,578,792	2,645,895	2,688,538	2,783,768	2,853,675	2,797,151	2,881,251	2,991,033	3,129,731	3,236,361	3,395,456	2,970,339
Equity and Liabilities												
Equity:												
Share Capital	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Retained Earnings	355,639	401,534	452,461	508,711	570,592	638,430	713,682	795,593	884,543	980,931	1,085,177	1,218,904
Total Equity	1,955,639	2,001,534	2,052,461	2,108,711	2,170,592	2,238,430	2,313,682	2,395,593	2,484,543	2,580,931	2,685,177	2,818,904
Liabilities:												
Non-Current Liabilities:												
Debentures	334,674	334,674	334,674	334,674	334,674	167,337	167,337	167,337	167,337	167,337	167,337	-
Current Liabilities:												
Trade payables	288,479	309,686	301,403	340,383	348,408	391,384	400,231	428,102	477,851	488,094	542,942	151,435
Total Liabilities	623,153	644,360	636,077	675,057	683,082	558,721	567,568	595,439	645,188	655,431	710,279	151,435
Total Equity and Liabilities	2,578,792	2,645,895	2,688,538	2,783,768	2,853,675	2,797,151	2,881,251	2,991,033	3,129,731	3,236,361	3,395,456	2,970,339

3. STATEMENT OF FINANCIAL POSITION (MONTH 25 TO 36)

Month	25	26	27	28	29	30	31	32	33	34	35	36
Assets												
Non-Current Assets:												
Property Plant and equipment	317,659	314,297	310,935	307,574	304,212	300,850	297,489	294,127	290,765	287,404	284,042	280,680
Deferred Tax Asset	154,824	154,824	154,824	154,824	154,824	154,824	154,824	154,824	154,824	154,824	154,824	-
Systems	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Financial Asset	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current	532,483	529,121	525,760	522,398	519,036	515,675	512,313	508,951	505,590	502,228	498,866	340,680
Current Assets:												
Cash and cash equivalents	1,785,464	1,907,505	2,037,779	2,176,725	2,324,805	2,482,508	2,650,343	2,828,850	3,018,592	3,220,166	3,434,194	3,544,239
Inventory	763,588	828,493	785,732	852,519	866,269	939,902	955,062	1,002,815	1,088,054	1,105,603	1,199,580	1,335,016
Trade debtors	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	2,549,052	2,735,998	2,823,511	3,029,243	3,191,075	3,422,410	3,605,405	3,831,665	4,106,646	4,325,769	4,633,774	4,879,255
Total Assets	3,081,535	3,265,119	3,349,270	3,551,641	3,710,111	3,938,084	4,117,718	4,340,616	4,612,236	4,827,997	5,132,640	5,219,935
Equity and Liabilities												
Equity:												
Share Capital	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Retained Earnings	1,345,683	1,464,363	1,591,274	1,726,858	1,871,578	2,025,918	2,190,392	2,365,537	2,551,918	2,750,129	2,960,796	3,222,303
Total Equity	2,945,683	3,064,363	3,191,274	3,326,858	3,471,578	3,625,918	3,790,392	3,965,537	4,151,918	4,350,129	4,560,796	4,822,303
Liabilities:												
Non-Current Liabilities:												
Debentures	-	-	-	-	-	-	-	-	-	-	-	-
Current Liabilities:												
Trade payables	135,852	200,757	785,732	852,519	866,269	939,902	955,062	1,002,815	1,088,054	1,105,603	1,199,580	1,335,016
Total Liabilities	135,852	200,757	157,996	224,783	238,533	312,166	327,326	375,079	460,318	477,867	571,844	397,632
Total Equity and Liabilities	3,081,535	3,265,119	3,349,270	3,551,641	3,710,111	3,938,084	4,117,718	4,340,616	4,612,236	4,827,997	5,132,640	5,219,935



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