2026

Public Accountants and Auditors Board

PAAB 2026 Financial Statements Review Report

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Dear Preparers, Audit Committees, Auditors, Regulators and Market Participants,

RE: **The PAAB 2026 Financial Statements Review Report**.

The Public Accountants and Auditors Board is pleased to present the 2026 Financial Statements Review of Listed Entities: Consolidated Desktop Review Report.

This report has been prepared as part of PAAB's continuing public interest mandate to promote high-quality financial reporting, credible audit reporting and confidence in Zimbabwe's capital markets. The review covered financial statements for the 2025 reporting periods of entities listed on the Zimbabwe Stock Exchange and the Victoria Falls Stock Exchange. It included both full annual reports and abridged financial statements, with the level of review determined by the nature and extent of information available.

The purpose of this report is not merely to record deficiencies. It is to draw the market's attention to recurring financial reporting and audit reporting matters that require deliberate corrective action. Financial statements of listed entities are relied upon by investors, lenders, regulators and other users for decision-making. Where those financial statements contain recurring IFRS non-compliance, unclear disclosures, inappropriate accounting judgements or inadequately explained audit opinions, market confidence is weakened.

PAAB expects preparers to take ownership of the quality of their financial statements whilst Audit committees are expected to exercise robust oversight over the financial reporting process. They should challenge management on significant IFRS judgements, monitor the resolution of prior-year audit modifications, assess the quality of disclosures and ensure that credible remediation plans are implemented before the next reporting cycle. Audit committee oversight is central to the credibility of listed entity reporting.

Auditors are also expected to apply appropriate professional scepticism and ensure that audit reports communicate clearly and accurately with users.

This report also highlights the need for listed entities to accelerate readiness for sustainability reporting. Sustainability disclosures are becoming an integral part of mainstream corporate reporting. Preparers should clearly state the framework applied and avoid implying compliance with IFRS Sustainability Disclosure Standards or GRI Standards where those frameworks have not been properly applied.

PAAB will use the findings of this review to engage preparers, auditors, audit committees and fellow regulators. The expectation is clear: the next reporting cycle should reflect fewer recurring IFRS issues, clearer disclosures, stronger audit reporting, better documented accounting judgements and improved sustainability reporting readiness. This is essential to protect investors, strengthen market confidence and uphold the public interest in high-quality financial and audit reporting.

PAAB encourages all preparers, audit committees and auditors to study this report carefully and to use it as a practical tool for improving the quality of future reporting.

Donald Mangenje
Secretary
Public Accountants and Auditors Board

Webster Sigauke
Director of Standards
Public Accountants and Auditors Board

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This report has been prepared by the Public Accountants and Auditors Board ("PAAB") for regulatory monitoring, market education and public interest purposes. It is intended to highlight recurring financial reporting, audit reporting and sustainability reporting matters identified from PAAB's desktop review of selected listed entity financial statements and related reports.

This report does not constitute an audit, assurance engagement, investigation, enforcement determination, legal opinion, investment recommendation, credit assessment, valuation opinion or professional advice. The findings, observations and conclusions contained in this report are based on a desktop review of publicly available or provided financial reports and abridged financial statements. PAAB did not inspect underlying accounting records, audit working papers, management representations, board minutes, valuation reports, legal opinions, tax correspondence or other supporting documentation unless such information was included in the reports reviewed.

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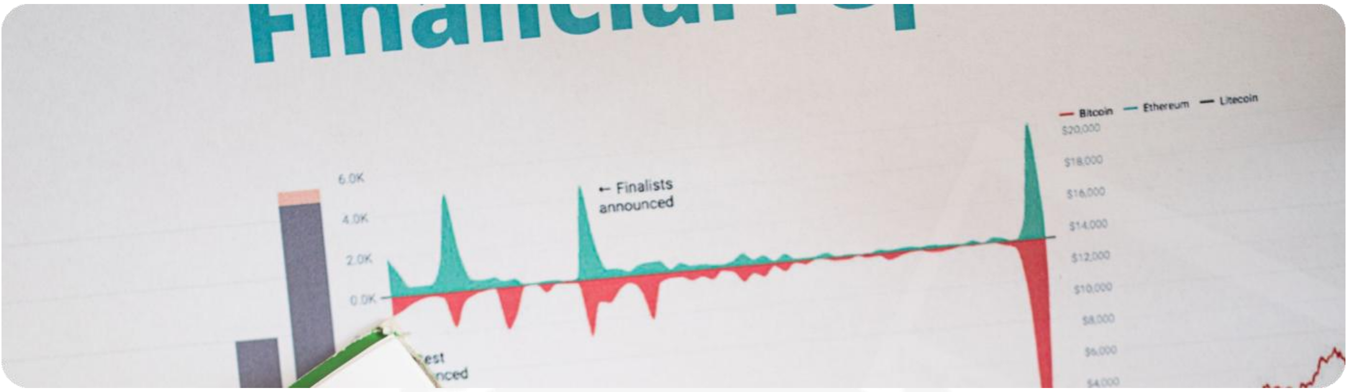
1. Executive Summary



The Public Accountants and Auditors Board (PAAB) conducted a 2026 desktop review of financial statements for the 2025 reporting periods of thirty-four (34) entities listed on the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX). The entities reviewed were selected from a total population of sixty-six (66) listed entities, representing approximately 52% of the listed market. The review covered nine (9) full annual reports, which were subjected to an in-depth technical review, and twenty-five (25) abridged financial statements, which were subjected to a narrower review because abridged announcements contain limited information.

The review was undertaken in furtherance of PAAB's public interest mandate to monitor the quality of financial reporting and audit reporting in Zimbabwe's listed market. The review was not designed merely to catalogue deficiencies; it was intended to identify recurring matters that require remediation by preparers, stronger oversight by audit committees, and appropriate audit responses by auditors.

The review focused on identifying the following matters:

1. non-compliance with IFRS Accounting Standards;
2. inappropriate, incomplete or inconsistent accounting policies;
3. weak, contradictory or misleading disclosures;
4. matters not raised by auditors but which may affect the appropriateness of the audit opinion;
5. audit reporting weaknesses, including matters affecting the clarity and completeness of modified opinions; and
6. the maturity of sustainability reporting and readiness for IFRS Sustainability Disclosure Standards.

The most significant market-wide concern remains currency-related financial reporting. IAS 21, IAS 8 and IAS 29 issues were the most common drivers of modified opinions and were also identified during the in-depth review of full annual reports. These matters affect comparability, trend analysis, reported profits, equity, earnings per share and investor confidence.

1.1 Key findings

- A 29.4% modified opinion rate was noted across the reviewed population, demonstrating that recurring financial reporting matters remain material to Zimbabwe's listed market.
- IAS 21 and related IAS 8 matters were the most frequent drivers of modification, particularly functional currency changes, exchange rate selection, take-on balances and failure to correct prior-period errors.
- The review identified IFRS 9 expected credit loss weaknesses, Treasury Bill measurement issues, IFRS 13 fair value concerns, IAS 40 valuation concerns and IFRS 17 modelling matters.
- Certain unmodified opinions require further regulatory engagement because the desktop review identified matters that may have warranted modification, thus requires further engagements.
- Sustainability reporting remains uneven. Most in-depth reviewed entities appear to be using GRI or GRI-aligned reporting, while readiness for IFRS S1 and IFRS S2 remains limited.

Review snapshot: 34 entities reviewed, comprising 9 full annual reports and 25 abridged financial statements; 24 unmodified opinions and 10 qualified or modified opinions.

2. Background and Regulatory Context

High-quality financial reporting is fundamental to investor protection, market confidence, access to capital and effective regulatory oversight. Listed entities operate in a public interest environment and must therefore maintain a higher standard of financial reporting discipline, audit committee oversight and audit reporting quality.

In Zimbabwe, listed entities operate in a complex reporting environment affected by multi-currency arrangements, functional currency changes, exchange rate volatility, hyperinflationary conditions, valuation uncertainty, sector-specific regulatory requirements and evolving sustainability reporting expectations. These conditions increase the risk of inconsistent application of IFRS Accounting and Sustainability Standards and inconsistent audit reporting practices.

The review was therefore conducted to support PAAB's public interest mandate, inform regulatory coordination with fellow regulators and identify areas where preparers, audit committees and auditors must strengthen their responses.

2.1 Applicable frameworks considered

- IFRS Accounting Standards.
- International Standards on Auditing.
- Sustainability reporting standards.

3. Scope of the Review

The final review population comprised 34 listed entities. The scope was split into two categories because the available documents differed materially:

- **Category 1 Full annual reports:** Full annual reports were reviewed in depth.
- **Category 2 Abridged financial statements:** Abridged financial statements were reviewed on a narrower basis, primarily to identify the audit opinion type, basis of modification, obvious IFRS matters, reporting patterns and matters requiring follow-up once full annual reports become available.

CATEGORY	NUMBER OF ENTITIES	NATURE OF REVIEW	PRIMARY FOCUS
Full annual reports	9	In-depth desktop review	▪ General purpose financial statements IFRS compliance; ▪ Audit opinion appropriateness; ▪ Sustainability disclosures.
Abridged financial statements	25	Narrow desktop review	▪ Audit opinion type; ▪ Basis for modification; ▪ Obvious IFRS matters; ▪ Recurring market-wide issues.
Total	**34**	**Desktop review**	**Listed entity financial reporting and audit reporting quality.**

4. Review Methodology and Approach

The review methodology followed a structured desktop review approach focused on technical compliance rather than a general summary of performance. Reviewers did not limit the review to matters already raised by auditors. The review included an independent review of the financial statements, notes, accounting policies, financial risk disclosures, sustainability disclosures and audit reports.

4.1 Core review objectives

- Identify areas of non-compliance with IFRS Accounting Standards.
- Identify incorrect, inappropriate, missing, boilerplate or inconsistently applied accounting policies.
- Identify inconsistencies between accounting policies, disclosures and amounts recognised in the financial statements.
- Identify weak, incomplete, misleading or contradictory disclosures.
- Identify matters not raised by auditors but which may still indicate IFRS non-compliance, audit reporting weakness or financial reporting risk.
- Assess the severity of each issue and the risk posed to users of financial statements.
- Assess the sustainability reporting frameworks being used and the extent of readiness for IFRS Sustainability Disclosure Standards.

4.2 Severity classification

SEVERITY	MEANING
Critical	Significant matter indicating likely material non-compliance, material misstatement risk, modified opinion risk or a public interest issue requiring immediate attention.
High	Material recognition, measurement, valuation, disclosure or audit reporting matter requiring clarification, remediation or regulatory follow-up.
Medium	Important disclosure, presentation, policy or judgement issue that may affect user understanding and requires improvement.

SEVERITY	MEANING
Low	Minor presentation, drafting or disclosure improvement.
Observation	Not necessarily a compliance breach, but a useful improvement point or matter for monitoring.

4.3 Review limitations

- The review was a desktop review and did not constitute an audit, assurance engagement, investigation or enforcement determination.
- The review relied on information contained in publicly available or provided financial reports and abridged financial statements.
- The review did not include access to audit working papers, management representations, board minutes, valuation reports, tax correspondence, legal opinions or underlying accounting records unless disclosed in the reports reviewed.
- The narrow review of abridged financial statements was inherently limited and should not be equated to the in-depth review of full annual reports.
- Findings arising from this desktop review remain subject to due process, including management clarification and, where appropriate, auditor engagement or audit file review, before any regulatory conclusion is reached.

5. Findings from the In-depth Review of Full Annual Financial Statements

5.1 Full annual reports reviewed in depth

ENTITY	YEAR END	AUDITOR	OPINION	EXCH ANGE	MATTER NOTED	SEVERITY
Entity 1	30 Jun 2025	Firm 1	Unmodified	VFEX	Accounting policy inconsistency noted.	Observation
Entity 2	30 Sep 2025	Firm 2	Unmodified	ZSE	IAS 21: PPE opening balances were based on valuations and not IAS 21 functional currency translation. This included assets such as motor vehicles under the cost model.	Critical
Entity 3	31 Dec 2025	Firm 3	Unmodified	ZSE	No issues noted from review.	-
Entity 4	30 Sep 2025	Firm 4	Unmodified	ZSE	IFRS 9: Expected credit losses appeared to be provided for only one receivables line item, with other receivable balances potentially not assessed for ECL.	High
Entity 5	30 Jun 2025	Firm 1	Unmodified	VFEX	No issues noted from review.	-
Entity 6	30 Jun 2025	Firm 5	Unmodified	VFEX	No issues noted from review.	-
Entity 7	30 Sep 2025	Firm 6	Unmodified	ZSE	No significant issue documented in the review summary.	-
Entity 8	30 Sep 2025	Firm 1	Unmodified	ZSE	IAS 24 / related-party disclosure concern: a matter was not clearly disclosed in the related-party note.	Observation

ENTITY	YEAR END	AUDITOR	OPINION	EXCH ANGE	MATTER NOTED	SEVERITY
Entity 9	30 Sep 2025	Firm 1	**Adverse**	ZSE	IAS 21 non-compliance relating to functional currency change, including an incorrect date of change in functional currency.	**Critical**

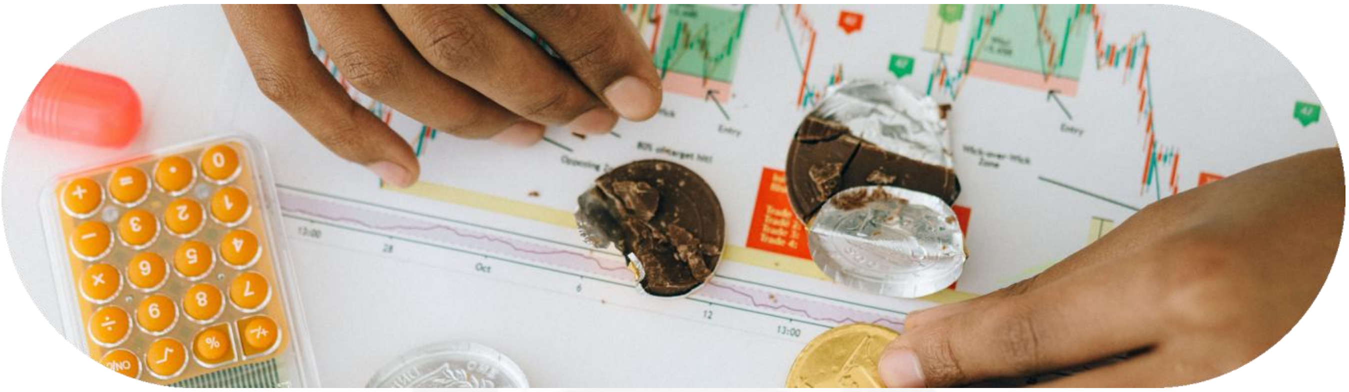
Severity legend: Critical = matter requiring immediate regulatory attention; High = material matter requiring clarification or remediation; Medium = matter that may affect user understanding; Observation = improvement point or matter for monitoring.

6. Findings from the Narrow Review of Abridged Financial Statements

ENTITY	YEAR END	AUDITOR	OPINION	REVIEW TYPE	MATTER NOTED
Entity 10	30 Sep 2025	Firm 2	**Qualified**	Abridged - narrow review	IAS 21: functional currency change; use of USD deemed balances as take-on balances.
Entity 11	4 Jan 2026	Firm 6	**Adverse**	Abridged - narrow review	Prior-year IAS 21 functional currency change; incorrect date of change carried forward from 2023; incorrect spot exchange rates in 2023; IFRS 13 non-compliance in PPE valuation.
Entity 12	31 Dec 2025	Firm 2	**Qualified**	Abridged - narrow review	IFRS 17 modelling approaches and assumptions.
Entity 13	31 Dec 2025	Firm 3	**Qualified**	Abridged - narrow review	IAS 21 exchange gains or losses from prior period; Errors on the valuation of Treasury Bills in previous period not corrected sufficiently in current year.

ENTITY	YEAR END	AUDITOR	OPINION	REVIEW TYPE	MATTER NOTED
Entity 14	31 Dec 2025	Firm 3	**Qualified**	Abridged - narrow review	Prior-year IAS 21 functional currency changes, including incorrect functional currency change in 2023 by separating USD and ZWL balances; incorrect spot exchange rates.
Entity 15	31 Oct 2025	Firm 2	**Qualified**	Abridged - narrow review	Prior-year IAS 21 non-compliance, including incorrect functional currency change in 2023 by separating ZWL and USD balances.
Entity 16	31 Oct 2025	Firm 2	**Qualified**	Abridged - narrow review	IAS 21 non-compliance; incorrect functional currency change by separating ZWL and USD balances; use of an internal exchange rate.
Entity 18	31 Dec 2025	Firm 7	**Qualified**	Abridged - narrow review	IAS 21 non-compliance; IFRS 13 valuation of Treasury Bills; IFRS 9 impairment not supported by an ECL model; incorrect impairment on Treasury Bills; scope limitation on trade and other receivables.
Entity 19	31 Dec 2025	Firm 8	**Qualified**	Abridged - narrow review	IAS 29 incorrectly referenced in the audit report as IFRS 29; entity did not hyperinflate financial statements; no ECL for debtors; IAS 40 stale investment property valuation.
Entity 17 and Entity 20 to Entity 34	Various	Various	Unmodified	Abridged - narrow review	No modified opinion matters captured in the review summary.

7. Systemic IFRS Reporting Issues Identified



The systemic issues below are ranked by severity, recurrence, likelihood of material misstatement, number of entities with similar issue and potential impact on users of listed entity financial statements. The ranking considers findings from both the in-depth review of full annual reports and the narrow review of abridged financial statements.

7.1 Priority 1 - Critical: IAS 21 functional currency changes, exchange-rate application and IAS 8 prior-period error correction

MATTERS NOTED:

This was the most recurring systemic issue and the most common basis for modified opinions. The review noted:

- incorrect dates of functional currency change,
- inappropriate take-on balances ie, use of deemed USD balances, separation of USD and ZWL balances,
- inappropriate exchange rates on translating to new functional currency,
- incorrect spot rates used in prior periods and
- failure to correct prior-period errors retrospectively under IAS 8.

For a listed entity, functional currency and exchange-rate errors affect key numbers used by investors, including assets, liabilities, revenue, expenses, exchange gains or losses, monetary adjustments, tax, accumulated profit, earnings per share, net asset value and financial ratios. If prior-period errors are not corrected, users cannot reliably compare performance across periods or assess trends. This directly affects investment decisions, dividend expectations, market valuation and confidence in the listed market.

7.2 Priority 2 - Critical/High: IFRS 9 expected credit losses and measurement of financial assets

MATTERS NOTED:

The review noted cases where:

- expected credit losses were not recognised for debtors,
- impairment was not supported by an ECL model, and
- Treasury Bills were measured at face value rather than appropriately measured and assessed for expected credit losses.

Trade receivables, loans, Treasury Bills and other financial assets are often material to listed entities. Weak IFRS 9 application can overstate assets, understate impairment losses, inflate profits and conceal credit risk. This affects assessment of liquidity, solvency, asset recoverability, dividend capacity and the quality of reported earnings.

7.3 Priority 3 - High: IFRS 13 fair value measurement, IAS 40 investment property valuation and valuation reliability

MATTERS NOTED:

The review identified valuation-related qualifications and findings, including:

- currency-distorted valuations,
- inputs not sourced from the principal market,
- Treasury Bills not being appropriately valued and
- stale valuations that may no longer reflect fair value.

Valuation errors affect total assets, equity, gearing, net asset value, impairment assessments and collateral positions. For listed entities, market valuation and investor decisions are influenced by reported asset values. Stale, unsupported or currency-distorted valuations may mislead users about the real economic position of the entity and may affect debt covenants, dividend decisions and regulatory capital assessments where applicable.

7.4 Priority 4 - High: Scope limitations and unsupported material balances

MATTERS NOTED:

The review noted instances where auditors reported scope limitations. A scope limitation means that the auditor could not obtain sufficient appropriate audit evidence over a material area.

For listed entities, this is a serious warning because users cannot determine whether the affected balance is misstated, understated or overstated. Where the limitation relates to receivables, system migration or financial instruments, the risk extends to revenue, impairment, cash flows and the reliability of internal controls.

7.5 Priority 5 - Critical/High: IAS 29 hyperinflationary accounting and disclosure

MATTERS NOTED:

The review noted one entity that did not hyperinflate its financial statements and did not provide a clear basis for that treatment. IAS 29 remains a concern even where inflation during the 2025 reporting period appears insignificant because the requirement to apply IAS 29 depends on whether the entity's functional currency is that of a hyperinflationary economy, not solely on the size of the current-year inflation adjustment.

Non-application of IAS 29 may affect opening balances, accumulated profit, non-monetary assets, comparatives and capital maintenance analysis. From a qualitative perspective, non-disclosure of continued exposure to a hyperinflationary economic environment may mislead users into assuming that the entity is operating in a fully stable currency environment. For a listed entity, users require clear disclosure of management's judgement on whether IAS 29 remains applicable, whether any current-year restatement effect was assessed as immaterial, and whether opening balances and comparatives continue to be affected by prior hyperinflationary accounting.

7.6 Priority 6 - High: IFRS 17 modelling approaches and assumptions

MATTERS NOTED:

The abridged review identified a modified opinion matter relating to IFRS 17 modelling approaches and assumptions.

For listed insurers or groups with material insurance activities, IFRS 17 directly affects insurance contract liabilities, insurance revenue, insurance service result, finance income or expense and equity. Weak modelling or unsupported assumptions can materially distort solvency, profitability and capital strength. Users need transparent and supportable assumptions because small changes in discount rates, risk adjustment, fulfilment cash flows or contract boundaries may have significant effects.

7.7 Priority 7 - Medium/High: IAS 24 related-party disclosure and classification weaknesses

MATTERS NOTED:

The review noted:

- a case where a payable to a related party was disclosed under borrowings but excluded from the related-party section.
- Other instances were noted where related-party balances were disclosed but the associated terms and conditions were not fully disclosed.

Related-party transactions are sensitive in listed entities because they may involve controlling shareholders, group companies, directors or other connected parties. Incomplete disclosure prevents users from assessing whether balances are on arm's length terms, whether the entity is dependent on related-party funding, whether conflicts of interest exist and whether repayment terms affect liquidity.

7.8 Priority 8 - Medium/High: Boilerplate and inconsistent accounting policies

MATTERS NOTED:

The review noted several instances of boilerplate accounting policies. In some cases, revenue policies did not identify specific performance obligations by product or segment. In another case, one note referred to PPE valuations as triennial while another referred to valuations at least every five years for the same class of assets.

Accounting policies explain the basis on which listed entity results are prepared. Inconsistent, boilerplate or unclear policies reduce comparability and may indicate weak financial reporting controls. Revenue policies require particular attention because revenue is one of the most important performance measures for listed entities. Generic revenue policies reduce transparency over when revenue is recognised and how discounts, rebates, returns or product-specific obligations are treated.

8. Findings regarding Audit Reports and Audit Opinions

The review included a high-level assessment of the appropriateness and quality of audit reports issued on the reviewed listed entities. This assessment was performed as part of the desktop review and did not constitute an audit quality inspection or an enforcement conclusion. The objective was to determine whether the audit opinions, bases for modification, Key Audit Matters, emphasis of matter paragraphs, material uncertainty related to going concern paragraphs and other information reporting appeared consistent with the financial reporting matters identified during the review.

8.1 Overall assessment of audit reporting quality

Audit reports generally identified the most common areas of non-compliance that led to modified opinions, particularly matters relating to IAS 21, IAS 8, IAS 29, IFRS 9, IFRS 13, IFRS 17, IAS 40 and limitation of scope. The narrow review of abridged financial statements confirmed that modified opinions were concentrated in recurring technical areas, especially IAS 21 functional currency changes, comparative translation and exchange-rate application.

However, the review also identified instances where audit reports may not have fully reflected the severity of matters noted from the desktop review. In some cases, significant matters identified by the reviewer did not appear to be adequately addressed through a modified opinion, Key Audit Matter, emphasis of matter paragraph, material uncertainty related to going concern paragraph or other information reporting.

This is a regulatory concern. Users of listed entity financial statements place significant reliance on audit opinions when making investment, lending, regulatory and stewardship decisions. Where an audit opinion does not appropriately reflect material IFRS non-compliance or significant disclosure weaknesses, users may assume that the financial statements are more reliable than they actually are.

8.2 Potentially inappropriate unmodified opinions

The review identified cases where unmodified audit opinions were issued even though the desktop review noted matters that may have required modification of the opinion or, at a minimum, clearer auditor reporting.

The most notable examples were Entity 2 and Entity 4. Entity 2 had a critical IAS 21 matter relating to PPE opening balances being based on valuations rather than IAS 21 functional currency translation, including assets such as motor vehicles accounted for under the cost model. Entity 4 had a high-risk IFRS 9 matter where expected credit losses appeared to have been provided on only one line item of receivables, while other receivable balances may not have been assessed for ECL.

These matters are significant because an unmodified opinion communicates that the financial statements present fairly, in all material respects, in accordance with IFRS Accounting Standards. Where a critical or high-risk IFRS matter appears unresolved, an unmodified opinion may fail to alert users to possible material misstatement, inappropriate measurement or incomplete application of IFRS.

8.3 Nature of Modified opinions arising from IAS 21, IAS 8 and IAS 29 matters

The most recurring basis for modification was non-compliance with IAS 21, often linked to IAS 8 prior-period error correction and IAS 29 hyperinflationary accounting implications. These matters included incorrect functional currency changes, incorrect spot rates, use of internal exchange rates, errors carried forward from prior years and reluctance to correct prior-period errors.

This is a major audit reporting concern because the affected areas are not limited to a single line item. Functional currency and exchange-rate errors may affect revenue, expenses, assets, liabilities, equity, reserves, comparatives, earnings per share and trend analysis. Where qualified opinions were issued although several primary statement line items and comparatives were affected, auditors should be able to demonstrate how they assessed materiality and pervasiveness and why an adverse opinion was not appropriate.

8.4 Errors and quality weaknesses in audit reports

The review noted instances where audit reports contained incorrect references to accounting standards, including a reference to "IFRS 29" instead of IAS 29. Although such errors may appear editorial, they are concerning in an audit report for a listed entity. The audit report is a formal public document and should be subject to a robust review.

Incorrect references to standards may indicate weaknesses in audit report review processes and may undermine confidence in the audit opinion, especially where the standard incorrectly referenced relates to the basis for modification.

8.5 Going concern reporting

The review noted that some audit reports may not have provided sufficient detail in areas involving going concern pressure. For listed entities, going concern reporting is highly sensitive. Users require clear information on whether the entity has adequate liquidity, funding support, positive cash flows and realistic turnaround plans.

Where going concern risks are significant, auditors must assess whether the matter requires a material uncertainty related to going concern paragraph, an emphasis of matter paragraph, a Key Audit Matter, or modification of the opinion if disclosures are inadequate.

9. High-Level Sustainability Reporting Assessment

Sustainability reporting was assessed only at a high level, consistent with the review methodology. The purpose of the review was not to perform a paragraph-by-paragraph assessment against IFRS S1, IFRS S2 or the GRI Standards. The review focused on whether entities appeared to claim or imply compliance with IFRS Sustainability Disclosure Standards, GRI Standards, integrated reporting, ESG narrative reporting, local stock exchange guidance or another sustainability reporting framework.

The assessment was mainly performed on the full annual reports reviewed in depth, as abridged financial statements generally do not contain sufficient sustainability reporting information to support a meaningful framework assessment.

9.1 Frameworks applied by reviewed entities

Based on the in-depth review, most entities appear to be applying GRI or GRI-aligned sustainability reporting. A smaller number appear to be transitioning towards a combined GRI and IFRS Sustainability Disclosure Standards approach, while some entities did not include a sustainability report. The broad framework profile was as follows:

SUSTAINABILITY REPORTING APPROACH	PROPORTION NOTED
GRI or GRI-aligned reporting	70%
Combined GRI and IFRS Sustainability Disclosure Standards	10%
No sustainability report	20%

9.2 Key observations

- GRI remains the dominant framework used by entities that provide sustainability reports. This indicates that many entities are still approaching sustainability reporting from an impact reporting perspective, focusing on economic, environmental and social impacts.

- Only limited evidence was noted of transition towards IFRS Sustainability Disclosure Standards. A few entities appear to have started combining GRI-style disclosures with IFRS S-related disclosures, but this is not yet widespread.
- Some listed entities did not provide sustainability reports. This is a concern because investors, regulators and other users increasingly require sustainability-related information to assess enterprise value, risk exposure, governance quality and long-term resilience. Sustainability reporting is also a listing and market transparency expectation.
- Transition to IFRS Sustainability Disclosure Standards requires significant improvement in governance, strategy, risk management, metrics, targets and data systems.

Sustainability reporting is no longer a public relations exercise. For listed entities, sustainability-related information is becoming part of mainstream corporate reporting and should be subject to governance, internal controls, board oversight and appropriate review. Weak sustainability reporting may result in incomplete information on climate, environmental, social and governance risks; limited disclosure of how sustainability matters affect strategy and financial performance; weak comparability between listed entities; risk of greenwashing; lack of preparedness for IFRS S1 and IFRS S2 adoption; and reduced confidence in non-financial information presented in annual reports.

The review suggests that most listed entities are not yet sufficiently prepared for full reporting under IFRS S1 and IFRS S2. This is a matter requiring urgent attention, as listed entities are expected to report using IFRS Sustainability Disclosure Standards for financial periods beginning on or after 1 January 2028, in line with the PAAB Roadmap for Sustainability Reporting in Zimbabwe. While GRI reporting remains useful, it does not automatically satisfy the requirements of IFRS Sustainability Disclosure Standards. Preparers are therefore strongly encouraged to use the voluntary transition period to strengthen governance over sustainability reporting, identify sustainability-related risks and opportunities, establish appropriate metrics and targets, build reliable sustainability data systems, and improve connectivity between sustainability disclosures and the financial statements. The review suggests that most entities are not yet ready for full IFRS S1 and IFRS S2 reporting. While GRI reporting remains useful, it does not automatically satisfy the requirements of IFRS Sustainability Disclosure Standards. Preparers should therefore use the voluntary transition period to strengthen governance, identify sustainability-related risks and opportunities, establish metrics and targets, build data systems and improve linkage between sustainability disclosures and financial statements.

10. Conclusion and Call to Action to Preparers, Audit Committees and Auditors

The 2026 desktop review of listed entities has highlighted recurring financial reporting and audit reporting matters that require urgent attention from preparers, audit committees and auditors. While many entities continue to make efforts to comply with IFRS Accounting Standards, the review identified repeated weaknesses in areas that directly affect the reliability, comparability and decision-usefulness of listed entity financial statements.

The most significant message from the review is that preparers and auditors must move beyond treating modified opinions and recurring IFRS issues as isolated annual reporting matters. Issues relating to IAS 21 functional currency changes, IAS 8 prior-period errors, IAS 29 hyperinflationary accounting, IFRS 9 expected credit losses, IFRS 13 fair value measurement, IAS 40 valuations, IFRS 17 modelling and audit scope limitations have direct implications for reported profits, assets, liabilities, equity, earnings per share, liquidity, solvency, trend analysis and investor decision-making.

Preparers must take immediate steps to strengthen financial reporting quality. Significant accounting judgements should be properly documented, accounting policies should be entity-specific and consistently applied, prior-period errors should be corrected where required, exchange rates and functional currency assessments should be supported by robust technical papers, expected credit losses should be supported by appropriate models, and valuations should be based on reliable and current evidence. Financial statement disclosures must be clear, complete and not misleading, particularly in areas involving currency changes, hyperinflation, related parties, going concern, fair values and sustainability reporting.

Audit committees have a critical oversight role. They should not wait for auditors or regulators to identify recurring financial reporting weaknesses. Audit committees should actively challenge management on significant IFRS judgements, review the basis for accounting estimates, monitor the resolution of prior-year modified opinion matters, and ensure that management has credible remediation plans. For listed entities, audit committee oversight is central to investor confidence and the credibility of financial reporting.

The review also identified a need for stronger audit report quality control. Errors in audit reports, unclear references to accounting standards and limited going concern reporting undermine confidence in the audit process. Auditors of listed entities should ensure that audit reports are subject to robust technical review and engagement quality review before issuance.

Sustainability reporting also requires attention from preparers, audit committees and auditors. Preparers should clearly state the sustainability reporting framework applied and should avoid implying compliance with IFRS Sustainability Disclosure Standards or GRI Standards where those frameworks have not been properly applied. As the market transitions towards IFRS S1 and IFRS S2, entities should strengthen governance, strategy, risk management, metrics, targets and sustainability data systems. Auditors should also consider whether sustainability information included in annual reports is materially inconsistent with the audited financial statements or knowledge obtained during the audit.

PAAB expects the next reporting cycle to show measurable improvement: fewer recurring IFRS issues, clearer disclosures, stronger audit opinions, better documented judgements and improved sustainability reporting readiness. This is necessary to protect investors, strengthen market confidence and uphold the public interest in high-quality financial and audit reporting.