starafricacorporation limited

Power of Partnerships

ANNUAL REPORT 2019

starafricacorporation limited
Power of Partnerships

> "A leading manufacturer and distributor of food and other products in Africa"

Vision

To be a leading manufacturer and distributor of food and other products in Africa

Mission

To excel in the production of world class products and services that delight our customers, in an environment that is rewarding and caring for our employees, and in so doing, achieve superior returns on our shareholders and make a positive contribution to the communities we operate in.

Values

Accountability

Integrity

Innovation

Care

Ethical

Performance Driven

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starafrica corporation limited

49 Douglas Road, Workington,
Harare, Zimbabwe
P O Box ST396
Southerton, Harare

To view the Online Annual Report, please visit our website at www.starafricacorporation.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 85th Annual General Meeting of Starafricacorporation limited will be held at Starafricacorporation limited, 49 Douglas Road, Workington, Harare on 27 September 2019 at 11:00am for the following purposes:

ORDINARY BUSINESS

1. **Financial Statements**

   To receive and approve the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2019.

2. **Re-election of Directors**

   To elect Directors who retire by rotation, In terms of Article 100 of the Articles of Association Messrs J.S Mutizwa, R.J. Mbire and S.Mahuni retired by rotation and being eligible, offer themselves for re-election.

3. **Directors' Remuneration**

   To approve fees accrued to Directors for the year ended 31 March 2019.

4. **Auditors**

   To approve the remuneration of the Independent Auditors for the year ended 31 March 2019 and to reappoint auditors for the ensuing year. Ernst and Young have indicated their willingness to continue as Independent Auditors to the Company for the ensuing year.

SPECIAL BUSINESS

5. **Secondary Scheme of Arrangement**

   Update to members on the Secondary Scheme of Arrangement.

Every member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote and speak instead of him. A proxy need not be a member of the Company. A member wishing to appoint a proxy must lodge the completed proxy form at the Registered Office of the Company at least 48 hours before the Meeting.

By order of the Board

A.J Musemburi
COMPANY SECRETARY
49 Douglas Road
Workington
P O Box ST396
Southerton
Harare

DIRECTORATE, MANAGEMENT & PROFESSIONAL ADVISORS

BOARD OF DIRECTORS

J.S. Mutizwa [Non-Executive Chairman]

R.J. Mbire [Deputy Chairman, Non-Executive Director]

R V Mutyiri [Chief Executive]

J.M. Chikura [Non-Executive Director]

K.M. Chipangura [Executive Director]

S. Mahuni* [Non-Executive Director]

A.J. Musemburi [Executive Director]

B. L. Nkomo [Non-Executive Director]

V. Nyemba [Non-Executive Director]

M. Sibanda [Non Executive Director]

* Appointed on 5 September 2018

MANAGEMENT

R. V. Mutyiri [Chief Executive]

A. J. Musemburi [H.R and Legal Services Director]

K.M. Chipangura [Finance Director]

R. Nyabadza [Chief Technical Officer]

D. Mpindiwa [Commercial Executive]

R. Matongo[Marketing Manager]

R. Nazare [Supply Chain Executive]

E. Madziva [Internal Audit Executive]

I. Mutsvedu [Head of Operations(CCF) and I.T.]

PROFESSIONAL ADVISORS

Transfer Secretaries
First Transfer Secretaries
1 Armagh Avenue
Eastlea
Harare, Zimbabwe

Auditors
Ernst & Young Chartered
Accountants (Zimbabwe)

Registered Office
49 Douglas Road, Workington
Harare

Bankers
ZB Bank Limited
African Banking Corporation
Nedbank Zimbabwe Limited

Attorneys
Coghlan Welsh & Guest
Dube, Manikai and Hwacha

BUSINESS PORTFOLIO & PRODUCTS

Starafricacorporation limited's business is the production, purification, marketing and distribution of GOLDSTAR sugar products, as well as the manufacturing of speciality foods, snacks and grocery products under the Country Choice Foods brand.

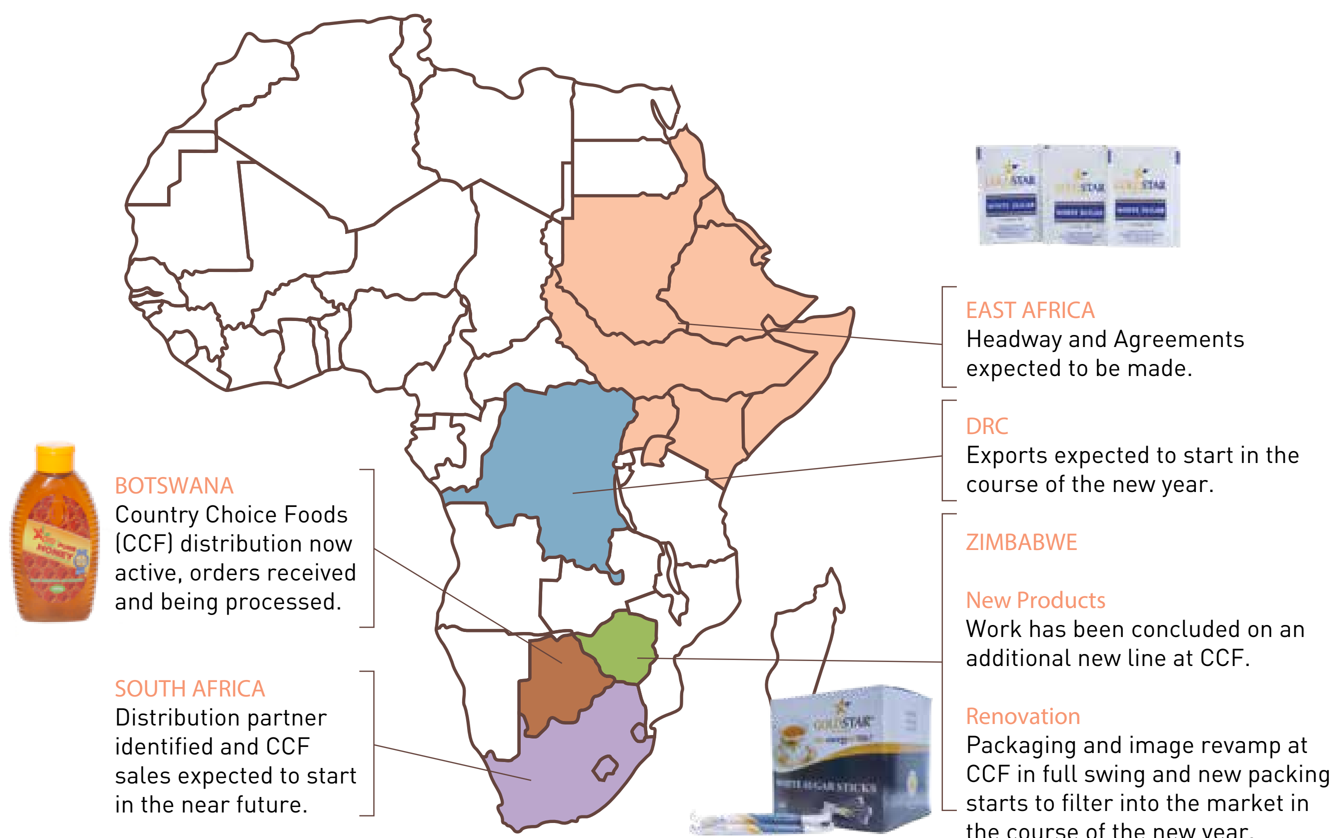
- Strong, well established brand commanding a leading market position.
- Currently available throughout Zimbabwe.
- Used by leading confectioners, bakers and sweets manufacturers, as well as sugar-based pharmaceuticals.
- KO (The Coca Cola Company) Certification: We are certified to supply all Coca Cola Bottling plants. As a

BUSINESS PORTFOLIO & PRODUCTS

result the company supplies sugar to the world's largest suppliers of carbonated soft drinks and cordials, and has consistently met their exacting, high standards.

- The company has also been awarded a Food Safety Management Systems, as well as ISO 9001:2008 Certification.
- Major manufacturer of sugar speciality products such as Castor, Icing sugar and Syrups.
- Recently introduced diversified food products like Sweeteners, Pure Honey, Roasted Peanuts.
- Fully committed to highest standards of quality.

SIGNIFICANT DEVELOPMENTS AND FINANCIAL HIGHLIGHTS



	2019 RTGS$	2018 RTGS$
GROUP SUMMARY		
Statement of profit or loss and other comprehensive income		
Revenue	72 738 135	48 100 120
Earnings before interest, tax ,depreciation and amortisation	12 385 230	3 065 994
Operating Profit	15 120 268	2 198 350
Net interest expense	(2 754 469)	(6 241 488)
Restructuring costs	(869 581)	-
Profit/(loss) for the year	**8 782 416**	**(3 782 171)**
Other comprehensive income (net of tax)	5 397 460	462 824
Total comprehensive Income/(loss)	**14 179 876**	**(3 319 347)**
Profit / (loss) attributable to equity holders of the parent	8 537 225	(3 782 171)
Basic Earnings/(loss) per share (cents)	0.18	(0.60)
Diluted Earnings/(loss) per share (cents)	0.18	(0.60)
Statement of Financial Position		
Shareholders' equity	33 758 117	(532 300)
Property, plant and equipment	42 405 856	20 869 629
Total assets	91 765 401	41 566 502
Statistics		
Refined sugar sales in domestic market (tonnes)	71 683	62 889
Average number of employees	423	433

CHAIRMAN'S STATEMENT

Export prospects, that arose from business scouting that took place in the year in the region and in Central Africa, will be followed through and the Group is confident of at least doubling the export tonnage achieved in the year.

OVERVIEW

I am pleased to present the results for the year ended 31 March 2019, in which the Group has transitioned into full profitability for the first time since the adoption of multi currencies in 2009.The results are presented in Real Time Gross Settlement Dollars, which became the Group's functional currency in February 2019 in line with the Government of Zimbabwe's policy announcements and related legislation.

Despite the challenges arising from foreign currency shortages and unrelenting cost pressures, the year under review saw the consolidation of the Company's journey towards a return to viability. There were foreign currency shortages, which constrained the ability of the Group to make key imports on time together with cost pressure from locally sourced materials, especially those with imported components. There was also marked increase in inflation starting from October 2018 which created heightened pressure for salary and wage adjustments from employees. On the positive side the Government announced further plans for sugar cane farming developments around Tugwi-Mukosi Dam in the Masvingo Province, which will assist in the availability of sugar for both local and export requirements for the country.

GROUP RESULTS

The Group achieved a 51% increase in turnover which amounted to RTGS$ 72.7 million, compared with RTGS$ 48.1 million recorded in prior year. The Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) went up three fold to RTGS$ 12.4 million in comparison with RTGS$ 3.1 million that was achieved last year. The profitable performance was on the back of continued improvements in

CHAIRMAN'S STATEMENT CONT'D

both quality and quantity of products, cost management strategies and the continued positive impact of the relief that came from the Secondary Scheme of Arrangement. As a result, the Group achieved its first Profit after Tax (PAT) of RTGS$ 8.8 million, marking a significant milestone for the Company.

OPERATIONS

Goldstar Sugars Harare (GSSH)

GSSH produced 72 252 tonnes of refined sugar compared with 63 182 tonnes produced in prior year and sold 71 683 tonnes against 62 889 tonnes sold in the comparative period. The increases in production and sales volumes were both 14% above prior year. The growth was against a background of challenges with imported raw materials procurement.

The plant was recertified by The Coca Cola Company ("TCCC") as well as Food Safety certification under the FSSC 22000 series. The certifications enable the Group to supply products to TCCC franchisees within and beyond the Southern Africa region.

Country Choice Foods (CCF)

CCF achieved an EBITDA of RTGS$ 3.5 million for the year under review against RTGS$ 0.5 million in prior year. The increase in EBITDA came from an increase in actual sales volumes, change in product mix and consistent margins on core products.

Tongaat Hulett Botswana

The associate company's performance surpassed prior year levels as it achieved a profit after tax of RTGS$ 3.9 million of which the Group's share was RTGS$ 1.3 million against RTGS$ 2.5 million and a share of RTGS$ 0.8 million achieved last year.

Properties Business

This business recorded an increase in EBITDA from RTGS$ 0.1 million in prior year to RTGS$ 1.1 million due to better rental yields, complemented by marginal increases in occupancies in the year. There were also less repairs and maintenance costs incurred in the current year under review when compared with prior year.

SCHEME OF ARRANGEMENT

The Scheme of Arrangement, whose tenure expires in 2022, remains in place with 72% of creditors with conversion option having exercised their rights. The Group is servicing its interest obligations and continues to engage the remaining Scheme creditors to exercise their right in light of the Group's return to profitability.

CHAIRMAN'S STATEMENT CONT'D

DIVIDEND

In light of the Group's existing Scheme related obligations and other operational requirements, the Board has deemed it, fit not to declare a dividend for the year ended 31 March 2019.

OUTLOOK

The Group believes that the policies being implemented by Government, though resulting in initial pressures, will eventually lead to a better trading environment.

Export prospects, that arose from business scouting that took place in the year in the region and in Central Africa, will be followed through and the Group is confident of at least doubling the export tonnage achieved in the year.

We are pleased with the healthy demand for our products and are confident that the existing production capacity, which is being gradually buttressed through phased refurbishments, will be able to meet forecast local and export demand.

The Group is working on several strategies for sustainable growth and profitability into the future, hinged on exports and increasing market share in the household direct consumption space.

CONCLUSION

I wish to thank the Group's various stakeholders, my fellow Board members, management and staff for their contribution to the Group's return to profitability and look forward to the same support into the promising future ahead.

J.S. Mutizwa
Chairman
25 June 2019

Goldstar white sugar sticks which were predominantly marketed to the hospitality market, will with the introduction of the hundred sticks box now be marketed to the wider consumer market. This market will enjoy the convenience of a dispenser which has a longer shelf life.

Golden Sticks!

CORPORATE GOVERNANCE REPORT

"Conducting our affairs with honesty, integrity and transparency is key for our continual development..."

THE BOARD

The Company is managed in adherence to established standards of corporate governance, and in conformity with the Manual of Best Practice.

The Board comprises of ten Directors, three of whom are Executive Directors. The roles of Chairman and Group Chief Executive vest in separate individuals, in line with best practice.

The Board meets at least once every quarter for the purposes of formulating policy and strategy, approving budgets, investments and projects, reviewing operations and giving guidance to Management on operational issues. Board deliberations are guided by a clearly defined Board Charter.

The advice of the Company Secretary is available to all Directors and a facility is available for Directors, in the discharge of their mandate, to obtain independent professional advice at the expense of the Company.

The Directors' remuneration, which includes that of Executive Directors, is reflected in aggregate in note 6.

THE BOARD COMMITTEES

For the efficient discharge of its duties, the Board has created the following committees;

Audit Committee:

This committee meets at least once every quarter. Some of its operations include discussions with the External Auditor on their report on the Company's annual financial statements, reviewing the entire spectrum of the internal audit processes and consideration of any other matters which may have a material financial impact on the Company. Further, the committee reviews the quality, integrity and reliability of the Company's internal control systems and risk monitoring and evaluation mechanisms. It assesses the objectivity of the External Auditor, in addition to

Shareholders following proceedings at the Company's 2018 Annual General Meeting

CORPORATE GOVERNANCE REPORT

the level of non-audit services supplied and ensures that there is an appropriate audit relationship. During the year under review, the committee comprised three non-executive directors namely, Mr. R. Mbire (Chairman), Mr B. L. Nkomo and Mr J. M. Chikura.

General Purposes Committee:

This committee meets on an adhoc basis to review and approve remuneration policy and long term incentive schemes. It also fixes the remuneration of Executive Directors and approves guidelines for the Company's annual salary and incentive reviews. The committee also recommends strategy, policies, organisational design, and board appointments to the Board of Directors. The committee is comprised of Mrs V. Nyemba (Chairperson), Mr S. Mahuni and Mr M. Sibanda.

IINTERNAL CONTROL

The Company's internal controls were reviewed for effectiveness during the year under review. The review covered financial, operational and compliance controls and risk management procedures. The controls are designed to manage rather than eliminate risk and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In this context, the Directors report that they did not find anything that would have materially affected the smooth running and effectiveness of the Company's systems and procedures during the year under review.

DIRECTORS' INTEREST

The Board has adopted an elaborate system for declaration of interests and assessment of the extent of such interests by the Company Secretary.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and accounts for the year ended 31 March 2019.

NON-CURRENT ASSETS

The Group's non-current assets were as follows:

	RTGS$
Property, plant and equipment	42 405 856
Investment property	22 068 924
Investment in associate	5 522 233
Balance as at 31 March 2019	69 997 013

BORROWING POWERS

In terms of Article 87 of the Articles of Association, the Company is authorised to borrow funds amounting to, but not exceeding the sum of:-

a) twice the amount of issued and paid up share capital of the Company, and

b) twice the aggregate amounts of capital and revenue reserves of the Company including share premium.

SHARE CAPITAL

Details of authorised and issued share capital are set out on note 3 to the financial statements.

DIRECTORATE

The names of the current Directors of the Company are set out on page 3. Shareholders will be asked to re-elect the Directors retiring by rotation and approve Directors' fees for the year ended 31 March 2019.

By Order of the Board

A.J. Musemburi
COMPANY SECRETARY

DIRECTORS' RESPONSIBILITY STATEMENT

RESPONSIBILITY

It is the Directors' responsibility to prepare annual financial statements that present a true and fair view of the Company and the Group as at the end of the financial year; and of the profit or loss for the year in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Companies Act (Chapter 24:03). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

COMPLIANCE WITH, COMPANIES ACT (CHAPTER 24:03)

These financial statements which have been prepared under the historical cost convention, (except for property, plant and investment properties that have been measured at fair value) are in agreement with underlying books and records and have been prepared in accordance with the Group's accounting policies and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

GOING CONCERN

The Group's EBITDA has increased from RTGS$ 3.1 million last year to RTGS$ 12.4 million. The profit before tax has improved from a RTGS$ 3.2 million loss to a profit before tax of RTGS$10.1 million. The balance sheet has improved following a further conversion of scheme debts totalling RTGS$ 1.4 million into equity. The Group now has a net working capital position of positive RTGS$ 1.5 million (2018: negative RTGS$ 7.9 million).

Management is implementing key deliverables which are described in detail on note 25, thus the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Group's plans will be effective and the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

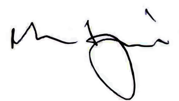
APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board and are signed on its behalf by the Chairman and the Chief Executive.

These financial statements were prepared by the Group's finance department under the supervision of the Finance Director, Mr. Kaynos M. Chipangura (PAAB number 03627).

J. S. Mutizwa
CHAIRMAN

25 June 2019



R. V. Mutyiri
CHIEF EXECUTIVE

25 June 2019

CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as the Company Secretary, I confirm that in terms of the Companies Act [Chapter 24:03], the Company has lodged with the Registrar of Companies, all such returns as are required of a public quoted company in terms of this Act and that all such returns are true, correct and up to date.

A. J. Musemburi
COMPANY SECRETARY

GOLDSTAR
SUGARS

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 750707 or 773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of Star Africa Corporation Limited

Report on the Audit of the Group and Company Financial Statements

Adverse Opinion

We have audited the Group and Company financial statements of Star Africa Corporation Limited (the "Group") as set out on pages 23 to 71 which comprise the statements of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying Group and Company financial statements do not present fairly the financial position of the Group and Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Functional currency

As explained in note 1.3 to the financial statements, the functional currency applied by the Directors for the period 1 April 2018 to 22 February 2019 is the United States Dollar (USD) and the functional currency applied for the period 23 February 2019 to 31 March 2019 is the Real Time Gross Settlement Electronic Dollar (RTGS$). The financial statements are presented in RTGS$.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate foreign currency accounts (FCAs) into two categories, namely RTGS FCA and Nostro FCA during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. Finally, in February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTGS$) and the interbank foreign exchange market.

These events, which occurred primarily between October 2018 and February 2019, triggered the need for reporting entities to assess whether there was a change in functional currency (from US$ to RTGS$) and the 1:1 RTGS$:US$ exchange rate during this time.

Based on International Financial Reporting Standards IAS 21-The Effects of Changes in Foreign Exchange Rates ("IAS 21") the functional currency of an entity is the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it. In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."

We believe that events in the market and the promulgation of the RTGS$ as a formal currency in February 2019 supports that there was a change in functional currency from US$ to RTGS$ prior to 22 February 2019 and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$:US$ exchange rate and this occurred prior to the promulgation of the RTGS$ as a formal currency in February 2019 . This impacts the basis for measuring transactions that occurred between 01 October and 22 February 2019 as well as the accounting for foreign exchange differences. We believe that the consolidated financial statements are required to be adjusted for these changes.

Exchange rates

The financial statements of the Group and Company, include transactions denominated in US$ that were not converted to RTGS$ at an US$:RTGS$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because, for all transactions that occurred between 01 October 2018 and 22 February 2019, the Directors applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and 20th of February 2019.

We believe that transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 RTGS$:US$ exchange rate.

In addition, and further contributing to our disagreement with exchange rates applied, all transaction that occurred between 22 February 2019 and 31 March 2019 as well as foreign denominated balances at yearend were translated using the interbank rate. The interbank rate does not meet the definition of a spot exchange rate as per IAS 21 as the interbank rate was not accessible immediately for delivery.

According to IAS 21, at the end of each reporting period; (a)foreign currency monetary items shall be translated using the closing rate; (b)non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and (c)non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. According to paragraph 8 of IAS 21, the closing rate is defined as a) spot exchange rate at the end of the reporting period, and b) Spot exchange rate is the exchange rate for immediate delivery

Foreign currency translation on 23 February 2019

As an additional consequence of all of the above, not all items were translated into the new functional currency as per the requirements of IAS 21 paragraph37 which states that "The effect of a change in functional currency is accounted for prospectively. In other words, an entity translates all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost."

On the 23rd of February 2019, management translated land and buildings, investment properties and foreign denominated balances to RTGS$ at the interbank exchange rate of 1:2.5 and recognised the translation adjustments of RTGS$ 20.7 million directly to equity. Had the functional currency change been effected before 23 February 2019, there would have been no foreign exchange translation or reserve recognized on this date.

In addition, had different US$:RTGS$ exchange rates been determined and applied by management, virtually every account in, and the information provided by way of notes to, the accompanying financial statements, would have been materially different.

The effects of the departure from IFRS are pervasive to the financial statements and have not been quantified.

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

To the Shareholders of Star Africa Corporation Limited

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Significant Developments and Financial Highlights, the Chairman's Statement, Corporate Governance Report, the Directors' Report and the Directors Responsibility Statement but does not include the financial statements and our auditors report thereon.

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

In connection with our audit of the Group and Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group and Company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group and Company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the Group and Company financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Group and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report - continued

To the Shareholders of Star Africa Corporation Limited

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying Group and Company financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Number 335).

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

27 June 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

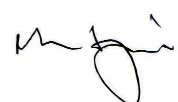
		Group		Company	
	Notes	2019 RTGS$	2018 RTGS$	2019 RTGS$	2018 RTGS$
Revenue from contracts with customers	4	72 253 608	47 678 520	-	-
Rental income		484 527	421 600	-	-
Revenue		**72 738 135**	**48 100 120**	**-**	**-**
Cost of sales		(54 257 122)	(40 285 453)	-	-
Gross profit		**18 481 013**	**7 814 667**	**-**	**-**
Other income		2 252 030	963 348	-	-
Fair value adjustment on investment property	11	3 681 424	72 000	-	-
Investment income		-	-	2 078 396	684 845
Administrative expenses		(9 294 199)	(6 651 665)	46 849	-
Earnings before restructuring costs and interest		**15 120 268**	**2 198 350**	**2 125 245**	**684 845**
Restructuring costs	6.1	(869 581)	-	-	-
Finance cost	15.2	(2 757 113)	(6 243 635)	-	-
Exchange loss	1.3	(2 714 510)	(8 171)	-	-
Finance income		2 644	2 147	2 644	2 147
Share of profit of an associate	12.1	1 289 769	823 778	-	-
Profit/(loss) before taxation	6	**10 071 477**	**(3 227 531)**	**2 127 889**	**686 992**
Income tax	7.1	(1 289 061)	(554 640)	(506 310)	(136 969)
Profit/(loss) for the year		**8 782 416**	**(3 782 171)**	**1 621 579**	**550 023**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translating foreign operations	12.1	(327 845)	248 694	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		**5 725 305**	**214 130**	**-**	**-**
Revaluation of property, plant and equipment	10	6 026 636	225 400	-	-
Tax on revaluation of property, plant and equipment		(301 331)	(11 270)	-	-
Net other comprehensive income, net of tax		**5 397 460**	**462 824**	**-**	**-**
Total comprehensive income/(loss)		**14 179 876**	**(3 319 347)**	**1 621 579**	**550 023**
Profit/(loss) attributable to					
Non-controlling interests		245 191	-	-	-
Equity holders of the parent		8 537 225	(3 782 171)	1 621 579	550 023
Total comprehensive income/(loss) attributable to:					
Non-controlling interests	12.3	245 191	-	-	-
Equity holders of the parent		13 934 685	(3 319 347)	1 621 579	550 023
Earnings /(loss) per share					
Basic (cents)	9	0.18	(0.60)	-	-
Diluted (cents)	9	0.18	(0.60)	-	-

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	Group 2019 RTGS$	Group 2018 RTGS$	Company 2019 RTGS$	Company 2018 RTGS$
ASSETS					
Non-current assets					
Property, plant and equipment	10	42 405 856	20 869 629	-	-
Investment property	11	22 068 924	7 367 000	-	-
Investment in an associate	12.1	5 522 233	2 618 427	99 279	99 279
Investment in subsidiaries	12.2	-	-	18 577 144	18 577 144
		69 997 013	**30 855 056**	**18 676 423**	**18 676 423**
Current assets					
Inventories	13	4 978 287	3 480 688	-	-
Trade and other receivables	14	6 055 950	5 943 447	51 742 463	50 122 676
Prepayments and deposits		2 126 568	71 517	-	-
Cash and cash equivalents	15.4	8 607 583	1 215 794	1 252 397	210 592
		21 768 388	**10 711 446**	**52 994 860**	**50 333 268**
TOTAL ASSETS		**91 765 401**	**41 566 502**	**71 671 283**	**69 009 691**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	3	480 866	471 024	480 866	471 024
Share premium	3	57 761 526	56 339 807	57 761 526	56 339 807
Non-distributable reserves	5	48 680 715	25 000 775	29 221 409	28 945 097
Equity component of compound instruments	16.4(g)	4 449 161	2 926 209	-	-
Accumulated losses		(77 614 151)	(85 270 115)	(16 199 631)	(17 821 209)
Shareholders' equity		33 758 117	(532 300)	71264 170	67 934 719
Non-controlling interest	12.3	2 488 700	1 608 671	-	-
Total equity		**36 246 817**	**1 076 371**	**71 264 170**	**67 934 719**
Non-current liabilities					
Loans and borrowings	16.1	29 222 018	19 669 544	-	-
Deferred tax liability	18	6 042 098	2 226 168	-	-
		35 264 116	**21 895 712**	**-**	**-**
Current liabilities					
Bank overdraft	15.4	-	99 340	-	-
Trade and other payables	19	16 416 051	15 309 155	165 265	165 265
Loans and borrowings	16.2	3 496 162	2 004 515	-	-
Income tax payable		342 255	1 181 409	241 848	909 707
		20 254 468	**18 594 419**	**407 113**	**1 074 972**
Total liabilities		**55 518 584**	**40 490 131**	**407 113**	**1 074 972**
TOTAL EQUITY AND LIABILITIES		**91 765 401**	**41 566 502**	**71 671 283**	**69 009 691**

J.S. Mutizwa
CHAIRMAN
25 June 2019



R. V. Mutyiri
CHIEF EXECUTIVE
25 June 2019

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

GROUP

	Attributable to equity holders of the parent							
	Issued Capital (Note 3) RTGS$	Share Premium (Note 3) RTGS$	Non - distributable Reserve (Note 5) RTGS$	Equity component of compound financial instruments RTGS$	Accumulated Losses RTGS$	Total RTGS$	Non-controlling Interest RTGS$	Total Equity RTGS$
Balance as at 31 March 2017	**51 847**	**9 563 834**	**24 537 951**	**4 690 578**	**(81 487 944)**	**(42 643 734)**	**1 608 671**	**(41 035 063)**
Ordinary shares issued on conversion of debt to equity	419 177	45 011 604	-	-	-	45 430 781	-	45 430 781
Equity component transfer on conversion of compound financial instruments	-	1 764 369	-	(1 764 369)	-	-	-	-
Loss for the year	-	-	-	-	(3 782 171)	(3 782 171)	-	(3 782 171)
Other comprehensive income	-	-	462 824	-	-	462 824	-	462 824
Total comprehensive income	-	-	462 824	-	(3 782 171)	(3 319 347)	-	(3 319 347)
Balance as at 31 March 2018	**471 024**	**56 339 807**	**25 00 775**	**2 926 209**	**(85 270 115)**	**(532 300)**	**1 608 671**	**(1 076 371)**
Effect of adoption of IFRS9 (Note 2.3)	-	-	-	-	(881 262)	**(881 262)**	-	**(881 262)**
Balance as at 1 April 2018	**471 024**	**56 339 807**	**25 000 775**	**2 926 209**	**(86 151 377)**	**(1 413 562)**	**1 608 671**	**195 109**
Ordinary shares issued on conversion of debt to equity	9 842	1 188 281	-	-	-	1 198 123	-	1 198 123
Equity component transfer on conversion of compound financial instruments (Note16.4(g)	-	233 438	-	(233 438)	-	-	-	-
Profit of the year	-	-	-	-	8 537 225	8 537 225	245 191	8 782 416
Other comprehensive income	-	-	5 397 460	-	-	5 397 460	-	5 397 460
Total comprehensive income	-	-	5 397 460	-	8 537 225	13 934 685	245 191	14 179 876
Change in functional currency			18 282 480	1 756 390	-	20 038 070	634 838	20 637 708
Balance as at 31 March 2019	**480 866**	**57 761 526**	**48 680 715**	**4 449 161**	**(77 614 151)**	**33 758 117**	**2 488 700**	**36 246 817**

COMPANY

	Share capital RTGS$	Share Premium RTGS$	Functional Currency Conversion Reserve RTGS$	Retained Earnings RTGS$	Total RTGS$
Balance as at 31 March 2017	**51 847**	**9 563 834**	**28 945 097**	**(18 371 232)**	**20 189 546**
Ordinary shares issued on conversion of debt to equity	419 177	46 775 973	-	-	**47 195 150**
Total comprehensive income for the year	-	-	-	550 023	**550 023**
Balance as at 31 March 2018	**471 024**	**56 339 807**	**28 945 097**	**(17 821 209)**	**67 934 719**
Ordinary shares issued on conversion of debt to equity	9 842	1 421 719-	-	-	**1 431 561**
Change in functional currency	-	-	276 312	-	276 312
Total comprehensive profit for the year	-	-	-	1 621 578	**1 621 578**
Balance as at 31 March 2019	**480 866**	**57 761 526**	**29 221 409**	**(16 199 631)**	**71 264 170**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group 2019 RTGS$	Group 2018 RTGS$	Company 2019 RTGS$	Company 2018 RTGS$
Operating activities					
Cash generated /(used) in operations	15.3	7 669 337	275 041	(1 427 737)	(586 420)
Finance income received		2 644	2 147	2 644	2 147
Finance cost paid		(1 787 914)	(187 049)	-	-
Taxation paid	7.2	(1 395 585)	(80 986)	(1 174 170)	(34 242)
Net cash generated from / (used in) operating activities		**4 488 482**	**9 153**	**(2 599 263)**	**(618 515)**
Investing activities					
Acquisition of property, plant and equipment	10	(627 778)	(391 954)	-	-
Proceeds from disposal of property, plant and equipment		191 478	28 225	-	-
Dividends received from associate	12.1	2 078 396	684 845	2 078 396	684 845
Net cash flows generated from investing activities		**1 642 096**	**321 116**	**2 078 396**	**684 845**
Financing activities					
Acquisition of long-term loans		-	1 000 000	-	-
Payment of long-term loans	16.3	(160 292)	(873 447)	-	-
Net cash flows from / (used) in financing activities		**(160 292)**	**126 553**	**-**	**-**
Net increase in cash and cash equivalents		**5 970 286**	**456 822**	**(520 867)**	**66 330**
Effects of changes in functional currency		1 120 418	-	914 441	-
Net foreign exchange difference		400 425	-	648 231	-
Cash and cash equivalents at 1 April		1 116 454	659 632	210 592	144 262
Cash and cash equivalents at 31 March	**15.4**	**8 607 583**	**1 116 454**	**1 252 397**	**210 592**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1.1 CORPORATE INFORMATION

The consolidated financial statements of starafricacorporation limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 21 June 2019. Starafricacorporation limited is a limited liability company incorporated and domiciled in Zimbabwe, whose shares are publicly traded through the Zimbabwe Stock Exchange.

The Company is incorporated in Zimbabwe

1.2 Corporate Information

Nature of business

Name	%Equity interest	Nature of Business
Starafrica Corporation Limited		Holding company
Starafrica Operations (Private) Limited	100%	Sugar refining, manufacture of sugar based products, marketing and distribution of sugar
Red Star Holdings Limited	100%	Dormant
Silver Star Properties (Private) Limited	100%	Property-holding company
Tongaat Hullet (Botswana) (Proprietary) Limited	33.33%	Packaging and distribution of refined sugar
Safariland Investments (Private) Limited	70%	Property-holding company

1.3 Currency

The financial statements are expressed in Real Time Gross Settlement dollars (RTGS$) rounded off to the nearest dollar, which is the corporation’s functional and presentation currency. On 22 February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 as an amendment to the Reserve Bank of Zimbabwe Act. It introduced a new currency called the Real Time Gross Settlement dollar (RTGS$) and also directed that all assets and liabilities that were in United States dollars (US$) immediately before 22 February 2019 (with the exception of those referred to in Section 44C (2) of the Reserve Bank Act) be deemed to have been in RTGS$ at a rate of 1:1 to the US$. The guidance issued by the Public Accountants and Auditors Board (PAAB) notes that this is contrary to IAS 21 “The effects of changes in Foreign Exchange Rates”. IAS 21 requires an entity to apply certain parameters to determine the functional currency for use in preparing financial statements. It also requires the exercise of judgements regarding exchange rates in circumstances where exchangeability through a legal and market exchange system is not achievable. The comparative prior period figures are expressed in RTGS$, being prior year figures which were in US$ then but translated at a rate of RTGS$ 1: US$ 1 as the US$ ranked at par with the local unit then.

The Group has reported the Statement of Profit or Loss and Other Comprehensive Income on the basis of the 1:1 up to 22 February 2019 in compliance with SI33 which in turn created inconsistencies with IAS 21. The Group translated the Statement of Financial Position as at 23 February 2019 at the commencement RTGS$ rate of 2.5: US$1. The Group has recognised a net increase in assets of RTGS$ 20.7 million arising from the rebasing to RTGS$ which has been recorded as a non-distributable currency translation reserve. All transactions post this date are translated at the official interbank rate which subsequently closed at RTGS$ 3.012: US$ 1 as at 31 March 2019 and resulted in the marked increase in foreign exchange losses from RTGS$ 8 171 to RTGS$ 2 714 510. The foreign exchange loss arose from the movement of the interbank rate from RTGS$ 2.5: US$ 1 as at 22 February to RTGS$ 3.012: US$1 at 31 March 2019 and its impact on foreign denominated transactions and balances.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for property, plant and investment property that has been measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE YEAR ENDED 31 MARCH 2019

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures

The Group applied for the first time certain standards, interpretations and amendments to standards, which are effective for annual periods beginning on or after 1 January 2018. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and the impact of each amendment are described below:

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IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations. The effect of adopting IFRS 15 had a nil impact on our opening retained earnings as a result of a decrease in revenue and increase in cost of sales by RTGS$ 6 186 relating to volume rebates. Before adopting IFRS 15 the volume rebates were recognised under cost of sales, however, under IFRS 15 volume rebates are netted off against revenue.

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 31 March 2019 as a result of the adoption of IFRS 15. The adoption of IFRS 15 did not have a material impact on OCI and the statement of financial position or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted.

		Amounts prepared under		Increase /
	Reference	IFRS 15	Previous	(decrease)
Revenue from contracts with customers	(a)	72 253 608	-	72 253 608
Sale of goods	(a)	-	72 284 004	(72 284 004)
Revenue	(a)	72 253 608	72 284 004	(30 396)
Cost of Sales	(a)	(54 257 122)	(54 287 518)	(30 396)

a) The difference is due to the change of the treatment of volume rebates from being part of cost of sales to being netted off against revenue.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 using the modified retrospective approach with initial date of application of 1 April 2018 and adjusting the opening allowance for credit losses on 1 April 2018 and an adjustment to opening retained earnings as at that date. The effect of adopting IFRS 9 is shown below and also on note 14.

Financial Asset	IAS 39		Expected credit loss adjustment	IFRS 9	
	Classification	Amount		Amount	Classification
	(a)		(b)		
Trade receivables	Loans and borrowings	1 136 044	1 186 883	2 322 927	Amortised cost

The nature of these adjustments is described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 April 2018, and then applied to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

• Trade receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

There was no impact on the statement of financial position.
The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement or the Group's financial liabilities.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, the Group recognised additional impairment on the Group's trade and other receivables of RTGS$1 186 883 which resulted in a decrease in retained earnings of RTGS$ 881 262 (net of tax of RTGS$305 621) as at 1 April 2018.

The statement of financial position as at 31 March 2018 was not restated, as the Group selected the modified retrospective approach. Refer to Note 14 for the impact.

(c) Other adjustments

In addition to the adjustments described above, upon adoption of IFRS 9, other items of the primary financial statements such as deferred taxes and retained earnings were adjusted as necessary.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements as the principles above were already being applied and the Group did not have multiple payments nor multiple receipts in advance.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments have limited impact on the Group's consolidated financial statements since investment property is measured at fair value and freehold land and buildings is measured under the revaluation model. Therefore the properties will be transferred at their fair values.

The rest of the accounting policies are consistent with those of the previous financial year.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments-Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Assets held for sale

The classification of assets and disposal groups as held for sale involves judgement on whether the disposal will take place within the next 12 months for an asset or disposal Group to be classified as held for sale per the requirements of IFRS 5- Non- current assets held for sale and discontinued operations. Management is continuing with its efforts to find a buyer for its investment in Tongaat Hulett Botswana but is of the view that the investment is not likely to be disposed of in the next 12 months. As a result, the investment has not been classified as an asset held for sale as at 31 March 2019.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating envinronment. Refer to Note 10 and accounting policy note for more information on property, plant and equipment.

ii. Revaluation of property and fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures property, plant and equipment at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair values on entire properties held by the Group as at 31 March 2019.

For the investment property, the valuer used a valuation technique based on future rentals and or comparable values. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of property, plant and equipment and investment properties, are further explained in Notes 10 and 11.

iii. Allowance for credit losses

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and the carrying amount of receivables is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgements, estimates and assumptions (continued)

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income(or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

iv) Impairment of non-financial assets

The Group assesses each asset or cash generating unit (CGU) at each reporting period to determine whether any indication of impairment exists. An impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Impairment of Goldstar Sugars Harare

The Group's sugar refinery plant (which generates 92% of the Group's turnover) continued to create positive cash flows in the year under review and management's forecast performance indicate that the asset is not impaired. The following are the key assumptions made in calculating the value in use of the Group's sugar refinery plant:

- A forecast period for five years
- An increase in volumes from 86 000 tonnes in year one to 114 000 tonnes in the fifth year
- An average price of RTGS$ 4 500 for the next five years
- An economically viable raw sugar price that gives a consistent margin of 12%
- Growth in market share
- Discount rates used were 15% and 20%

v) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has $15 393 700 (2018:$ 20 844 225) of tax losses carried forward. Further details on taxes are disclosed in Note 18.

vi) Variable returns

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates. The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgements, estimates and assumptions (continued)

vi) Variable returns (continued)

historical return pattern will impact the expected return percentages estimated by the Group. The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 March 2019 there were no amounts recognised as either refund liabilities for the expected returns or volume rebates as the accumulated purchases to date for the eligible customers were not significant there by making the resultant estimates for rebates and returns immaterial.

vii) Functional currency assessment.

Significant judgement is required to determine the functional currency. The currency that mainly influences sales prices,currency of the country whose competitive forces and regulations mainly determine sales prices, currency that mainly influences labour, material and other costs are the primary considerations. Other considerations include currency in which funds (financing activities) are generated and the currency in which receipts from operating activities are usually retained and the underlying currency of the major items on the statement of financial position.

2.5 Summary of significant accounting policies

a) Foreign currency translation

The Group's consolidated financial statements are presented in Real Time Gross Settlement dollars (RTGS$), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

i) Transactions and balances (continued)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income(or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

The assets and liabilities of foreign operations are translated into RTGS$ at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

b) Revenue from contracts with customers

Accounting policy

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 days upon delivery.

The Group considers whether there are other undertakings in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods give customers a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

- ***Rights of return***

  Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

- ***Volume rebates***
  The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

c) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

d) Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

e) Rental income

Rental income arising from operating leases on investment properties is recognised on a monthly basis based on the lease terms which are generally on short term and subject to review after every 12 months. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when they arise.

f) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable

- Receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g) Pensions and other post employment benefits

Retirement benefits are provided for eligible employees through an independently administered defined contribution fund, including the National Social Security Authority (NSSA). Contributions to these funds are recognised as an expense in the period to which employees' services relate. All eligible employees are required to be members of a Starafrica Group contributory pension scheme administered by an employee benefit consultancy company.

h) Financial assets

Policy applicable after 1 April 2018

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

h) Financial assets - Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following category:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
  and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, cash and cash equivalents and loans to related parties.
Further disclosures relating to impairment of financial assets are also provided under trade receivables, Note 14.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Policy applicable before 1 April 2018

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, Available for Sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Loans and receivables

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the (consolidated) statement of profit or loss. The losses arising from impairment are recognised in the (consolidated) statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 14.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original Effective Interest Rate.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognised in the (consolidated) statement of profit or loss and other comprehensive income. Interest income (recorded as finance income in the (consolidated) statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating income in the (consolidated) statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's (consolidated) statement of financial position) when:

• The rights to receive cash flows from the asset have expired

or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

i) Financial liabilities

The accounting treatment of financial liabilities under IAS 39 and IFRS 9 are not significantly different.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest, bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

De-recognition of financial liabilities (continued)

existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Compound Financial Instruments

Initial recognition and measurement

Compound financial instruments issued by the Group comprise amounts payable to creditors under the Secondary Scheme of Arrangement with creditors that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent measurement

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

k) Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation and impairment losses charged subsequent to the date of revaluation and the rest of property, plant and equipment is carried at cost less accumulated depreciation and impairment. Any revaluation surplus is recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity, that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and machinery 5%-15% straight line
- Motor vehicles 10%-30% straight line
- Furniture and equipment 10%-33.3% straight line
- Buildings 2% straight line

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

k) Property, plant and equipment (continued)

An item of plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and prospectively adjusted, if appropriate.

l) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessor

The Group has contractual arrangements which do not substantially transfer all the risks and rewards of ownership to third parties utilising those assets. Rental income arising from those arrangements is accounted for on a straight-line basis over the term of the arrangement and is included in profit or loss. Contingent rents are recognised as revenue in the period in which they are earned.

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. During the current year there were no borrowing costs that were capitalised to qualifying assets.

n) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: weighted average method
- |Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Consumables: weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Cash falls into the debt instruments category and are accounted for at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

p) Investments

(i) Investment in an associate

The financial results of the Group's associate are included in the Group's results according to the equity method from acquisition date until the disposal date. Under this method, subsequent to the acquisition date, the Group's share of profits or losses of associate is charged to profit or loss as equity accounted earnings and its share of movements in other comprehensive income and equity is recognised in other comprehensive income or equity. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment. When the group's share of losses in associates equals or exceeds its interest in those associates, the Group does not recognise further losses, unless the Group has incurred a legal or constructive obligation or made payments on behalf of those associates. Goodwill relating to associate is included in the carrying value of the associate and is not amortised or separately tested for impairment.

The total carrying value of associate, including goodwill, is tested for impairment when there is objective evidence that the investment in the associate is impaired. If impaired, the carrying value of the Group's share of the underlying assets of the associate is written down to its estimated recoverable amount in accordance with the accounting policy on impairment and charged to profit or loss. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. In the Company financial statements the investment in associate is accounted for at cost.

(ii) Investment in subsidiary

The subsidiary's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. In the Company's financial statements the investment in subsidiary's accounted for at cost.

q) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are de-recognised when either they have been disposed of (i.e, at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

2.6 Standards and Interpretations in issue but not yet effective

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Standards and Interpretations in issue but not yet effective (Continued)

The Group expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Group's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact the Group is still assessing the possible impact.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.The Group does not anticipate any major impact on adoption of this standard as the existing lease contracts (as a lessee) are short term (periods of less than five months) thus these will continue to be accounted for on a straight line basis.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date and does not anticipate any significant impact as it operates in just two tax jurisdictions of which it is fairly familiar with and consultations of such have indicated no material issues.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Standards and Interpretations in issue but not yet effective (Continued)

IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. There is no significant expected impact as the entity was already treating the tax consequences in the same manner.

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. The Group does not have any qualifying assets.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

The Conceptual Framework for Financial Reporting

Effective immediately for the IASB and the IFRS IC, for preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard.

The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Definition of a Business - Amendments to IFRS 3
Effective for annual periods beginning on or after 1 January 2020.

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Standards and Interpretations in issue but not yet effective (Continued)

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will likely not be affected by these amendments on transition. The Group may have to update its accounting policies should it subsequently consider acquisition of a set of activities and assets after first applying the amendments.

Definition of Material - Amendments to IAS 1 and IAS 8
Effective for annual periods beginning on or after 1 January 2020.

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements' are made in practice, by elevating the importance of how information is communicated and organised in the financial statements. The Group will apply the amendments on its assessment of materiality as from effective date.

3 SHARE CAPITAL AND SHARE PREMIUM

3.1 Share Capital

	2019 RTGS$	2018 RTGS$
Authorised share capital	1 000 000	1 000 000
7 000 000 000 ordinary shares of RTGS$0.0001 each	700 000	700 000
3 000 000 000 Redeemable, cumulative, convertible preference shares of RTGS$0.0001	300 000	300 000
Issued and fully paid share capital (ordinary shares of RTGS$0.0001)	**480 866**	**471 024**
Opening balance at 1 April	471 024	51 847
Ordinary shares issued during the year [98 421 982 (4 191 771 233 : 2018) ordinary shares of US$0.0001]	9 842	419 177
Unissued share capital	**519 134**	**528 976**

The increase in issued share capital was as a result of Scheme creditors who exercised their options to convert amounts owed to them into equity as more fully described under note 16.

3.2 Share Premium

	2019 RTGS$	2018 RTGS$
Opening balance as at 1 April	**56 339 807**	**9 563 834**
Premium from debt to equity conversion	1 421 719	46 775 973
Closing balance as at 31 March	**57 761 526**	**56 339 807**

The increase in share premium was as a result of Scheme creditors who exercised their options to convert amounts owed to them into equity as more fully described under note 16.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

31-Mar-19	Food RTGS$	Properties RTGS$	Total RTGS$
Types of goods			
Purified sugar	60 412 054	-	60 412 054
Sugar specialties	11 841 554	-	11 841 554
Rentals	-	484 527	484 527
Total revenue from contracts with customers	72 253 608	484 527	72 738 135
Geographical markets			
Zimbabwe	71 067 506	484 527	71 552 033
Botswana	1 186 102	-	1 186 102
Total revenue from contracts with customers	72 253 608	484 527	72 738 135
Timing of revenue recognition			
Goods transferred at a point in time	72 253 608	484 527	72 738 135
Total revenue from contracts with customers	72 253 608	484 527	72 738 135

31-Mar-18	Food RTGS$	Properties RTGS$	Total RTGS$
Types of goods			
Sale of goods	47 678 520	-	47 678 520
Rentals	-	421 600	421 600
Total revenue from contracts with customers	47 678 520	421 600	48 100 120

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 20):

	GROUP			
	2019		2018	
	Food RTGS$	Properties RTGS$	Food RTGS$	Properties RTGS$
Revenue				
External customers	72 253 608	484 527	47 678 520	421 600
Inter-segment	8 182 558	159 460	1 579 554	167 460
	80 436 166	643 987	49 258 074	589 060
Inter-segment adjustments and eliminations	(8 182 558)	(159 460)	(1 579 554)	(167 460)
Total revenue from contracts with customers	72 253 608	484 527	47 678 520	421 600

4.2 Contract balances

Contract balances as at 31 March 2019 are disclosed under note 14 on Trade receivables.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

5 NON-DISTRIBUTABLE RESERVE

	Foreign currency translation reserve	Foreign currency conversion reserve	Asset revaluation reserve	Functional currency reserve	TOTAL
	RTGS$	RTGS$	RTGS$	RTGS$	RTGS$
Balance at 31 March 2017	(738 813)	(8 775 320)	34 052 084	-	24 537 951
Revaluation of land and buildings	-	-	225 400	-	225 400
Tax on revaluation	-	-	(11 270)	-	(11 270)
Foreign currency translation	248 694	-	-	-	248 694
Balance at 31 March 2018	(490 119)	(8 775 320)	34 266 214	-	25 000 775
Revaluation of property and plant	-	-	6 026 636	-	6 026 636
Deferred Tax on revaluation	-	-	(301 331)	-	(301 331)
Foreign currency translation	(327 845)	-	-	-	(327 845)
Functional currency translation	-	-	-	18 282 480	18 282 480
Balance at 31 March 2019	(817 964)	(8 775 320)	39 991 519	18 282 480	48 680 715

	COMPANY			
	Foreign currency translation reserve RTGS$	Foreign currency conversion reserve RTGS$	Functional currency reserve RTGS$	Total RTGS$
Balance at 31 March 2017	-	28 945 097	-	28 945 097
Balance at 31 March 2018	-	28 945 097	-	28 945 097
Currency translation reserve	-	-	276 312	276 312
Balance at 31 March 2019	**-**	**28 945 097**	**276 312**	**29 221 409**

Nature and purpose of reserve

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising on translation of the financial statements of foreign operations.

Foreign currency conversion reserve

This arose as a result of change in functional currency from the Zimbabwe dollar to the United Stated dollar in February 2009. It represents the residual equity in existence as at the date of the changeover and has been designated as Non-distributable reserve.

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of property and plant and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. A revaluation was carried out as at 31 March 2019 (refer to note 10).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

5 NON-DISTRIBUTABLE RESERVE (CONTINUED)

Functional currency reserve

This arose as a result of change in functional currency from the United Stated dollar to the Real Time Gross Settlement dollar in February 2019. It represents the residual equity in existence as at the date of the changeover and has been designated as non-distributable reserve.

6 PROFIT /(LOSS) BEFORE TAXATION

	Note	GROUP 2019 RTGS$	GROUP 2018 RTGS$	COMPANY 2019 RTGS$	COMPANY 2018 RTGS$
Profit or (loss)before tax is stated after charging/(crediting) the following items:					
(Profit) / Loss on disposal of property, plant and equipment		(179 478)	(28 225)	-	-
Depreciation	10	946 387	939 643	-	-
Fair value adjustment on Investment Property	11	(3 681 424)	(72 000)	-	-
Allowance for expected credit losses	14	(127 042)	131 069	-	-
Inventory write down	13	-	181 764	-	-
Auditor's remuneration		136 000	72 450	-	-
Salaries and employee benefits		3 817 365	2 541 606	-	-
-Employee wages and salaries		3 706 886	2 453 132	-	-
-Defined contribution plan (National Social Security Authority)		110 479	88 474	-	-
Directors' emoluments:					
- Fees		139 100	127 800	-	-
- Pension		882	882	-	-
- Salaries and other benefits		513 729	412 673	-	-

6.1 Restructuring costs

These were fees paid to financial advisors who facilitated the debt to equity conversions representing 70% of the Scheme creditors who had the conversion option.

7 TAXATION

	GROUP 2019 RTGS$	GROUP 2018 RTGS$	COMPANY 2019 RTGS$	COMPANY 2018 RTGS$
7.1 Current tax				
Current year	50 120	29 694	-	-
Tax on foreign dividends	322 465	136 969	322 465	136 969
Prior year under provision	183 846	-	183 845	-
Deferred tax	732 630	387 977	-	-
	1 289 061	554 640	506 310	136 969
7.2 Tax payable reconciliation				
Opening balance at 1 April	1 181 409	1 095 732	909 708	806 981
Current tax charge	50 120	29 694	-	-
Tax on foreign dividends	322 465	136 969	322 465	136 969
Prior year under provision	183 846	-	183 845	-
Tax paid	(1 395 585)	(80 986)	(1 174 170)	(34 242)
Closing balance at 31 March	342 255	1 181 409	241 848	909 708

NOTES TO THE FINANCIAL STATEMENTS CONT'D

8 RECONCILIATION OF RATE OF TAX

	GROUP		COMPANY	
	2019	2018	2019	2018
	RTGS$	RTGS$	RTGS$	RTGS$
	%	%	%	%
Standard rate	25.75	(25.75)	25.75	25.75
Adjusted for:				
Foreign dividends	3.20	-	-	-
Share of profit from Associate	(3.30)	(6.57)	-	-
Associate income taxed at source	-	-	(5.75)	(5.75)
Compound financial instruments	2.49	-	-	-
Unrealised exchange loss	(7.96)	-	-	-
Utilisation of unrecognised tax losses	(6.04)	(7.33)	-	-
Non-deductible interest expense	0.44	48.98	-	-
Non-deductible expenses	7.64	7.80	-	-
Exempt income	(11.25)	0.05	-	-
Prior year under provision	1.83	-	-	-
Effective rate of taxation	12.80	17.18	20.00	20.00

9 PROFIT / (LOSS) PER SHARE

The option for some of the remaining Secondary Scheme creditors to convert their debts to ordinary shares gives rise to potentially dilutive ordinary shares as at year end.

	2019 RTGS$	2018 RTGS$
Net Profit/(loss) attributable to equity holders of the parent	8 537 225	(3 782 171)
	Number of shares	
Weighted average number of ordinary shares for basic and diluted earnings /(loss) per share	4 757 046 474	627 372 307

As at 31 March 2019 the actual shares in issue were 4 808 662 335 but the weighted average number of shares used for calculation for profit per share was 4 757 046 474 to take into account shares which were subscribed part way into the year. The significant movement in weighted number of shares from prior year is because there was a conversion of 4 billion shares very close to year end (March 2018) which contributed minimally to the weighted average number for that year.

Shares used for computation of diluted earnings per share were the same as those for basic earnings per share because the incremental impact of a potential 1 412 933 939 shares from outstanding Scheme creditors who have conversion rights is anti-dilutive. The test for dilutive effect was done using the "if converted" method which compared the impact of conversion (assuming it took place on 1 April 2018) on earnings (net of tax) (RTGS$ 3 494 176) against the potential ordinary shares there from (1 412 933 339 shares).The result was anti-dilutive as the incremental earnings per share was higher than the basic earnings per share. The Group then had to disregard the potential ordinary shares in the computation of diluted earnings per share. In prior year potentially dilutive shares were also disregarded as they had an anti-dilutive effect on the Loss per share then.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

10 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and Buildings RTGS$	Plant and Machinery RTGS$	Commercial vehicles RTGS$	Passenger motor vehicles RTGS$	Furniture & equipment RTGS$	Total RTGS$
Cost/Valuation						
At 1 April 2017	**11 646 535**	**18 496 861**	**3 376**	**29 311**	**391 207**	**30 567 290**
Additions	-	344 337	-	26 770	20 847	391 954
Revaluation of land	15 000	-	-	-	-	15 000
Disposals	-	-	-	(29 311)	-	(29 311)
At 31 March 2018	**11 661 535**	**18 841 198**	**3 376**	**26 770**	**412 054**	**30 944 933**
Additions	-	562 224	-	-	65 554	627 778
Revaluation of land and building through OCI	6 026 636	-	-	-	-	6 026 636
Disposals	-	(178 478)	-	-	-	(178 478)
Change in functional currency	15 828 200	-	-	-	-	15 828 200
At 31 March 2019	**35 516 371**	**19 224 944**	**3 376**	**26 770**	**477 608**	**53 249 069**
Depreciation and impairment						
At 1 April 2017	**916 535**	**8 312 369**	**3 376**	**29 311**	**113 781**	**9 375 372**
Depreciation charge for the period	210 400	692 928	-	13 654	22 662	939 643
Depreciation reversal on revaluation	(210 400)	-	-	-	-	(210 400)
Disposals	-	-	-	(29 311)	-	(29 311)
At 31 March 2018	**916 535**	**9 005 297**	**3 376**	**13 654**	**136 443**	**10 075 304**
Depreciation charge for the period	210 400	694 725	-	5 007	36 256	946 387
Disposals	-	(178 478)	-	-	-	(178 478)
At 31 March 2019	**1 126 935**	**9 521 544**	**3 376**	**18 661**	**172 699**	**10 843 213**
Carrying amount at 31 March 2019	**32 389 436**	**9 703 400**	**-**	**8 109**	**304 909**	**42 405 856**
Cost or valuation	33 516 371	19 224 944	3 376	26 770	477 608	53 249 069
Accumulated depreciation and impairment losses	(1 126 935)	(9 521 544)	(3 376)	(18 661)	(172 699)	(10 843 213)
Carrying amount at 31 March 2018	**10 745 000**	**9 835 901**	**-**	**13 116**	**275 611**	**20 869 629**
Cost or valuation	11 661 535	18 841 198	3 376	26 770	412 054	30 944 933
Accumulated depreciation and impairment losses	(916 535)	(9 005 297)	(3 376)	(13 654)	(136 443)	(10 075 304)

10.1 Impairment assessment

Management carried out an analysis on the discounted cash flows (DCF) for the Goldstar Sugars, Harare plant and the results indicated that the value arrived at through DCF analysis is higher than the current carrying amount of the plant. Management believe that the plant is not impaired.

The key assumptions applied in determining the recoverable amount are indicated in Note 2.4.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.2 Property provided as security

Property with a carrying value of RTGS$ 12.4 million (RTGS$ 4.1 million: 2018) was provided as security with respect to loans (Note 16.3)

10.3 Revaluation of property, plant and equipment

The group carries land and buildings at fair value less accumulated depreciation and impairment, and the rest of property plant and equipment is carried at cost less accumulated depreciation and impairment. The change in functional currency in February 2019 as more fully described under note 1.3 resulted in the conversion carrying amounts as at 22 February 2019 to RTGS$ using the initial exchange rate of RTGS$2.5: USD1. The conversion resulted in an increase in the carrying amounts by RTGS$15 828 200. The revalued property consists of commercial stands, warehouses, residential and industrial buildings in Zimbabwe. Fair value of the properties was determined by using market comparable method and the implicit investment method. The revaluation was conducted in United States dollars and the values were then converted to RTGS$ using the closing exchange rate of RTGS$3.012: US$1.The difference between the resultant converted value as at 31 March 2019 and that for the 22nd of February 2019 was deemed to be the revaluation in RTGS$ terms and was thus classified under other comprehensive income.

At date of revaluation, 31 March 2019, the properties' fair values were determined by Dawn Properties Consultants, an accredited independent valuer. The valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The inputs used as at 31 March 2019 fair value measurement, including the ranges of rent charged to different units are as below:

	Valuation technique	Significant unobservable input
Industrial	Implicit Investment	Rental per square metre US$3 - US$4.50 (2018: US$3 - US$4.50)
Residential / Vacant Land	Comparable method	Main Space Equivalent (MSE) factor and Land price/square metre

Management concluded that the carrying amount of land and buildings approximate fair values.Significant increases / decreases in estimated rental value in isolation would result in a significantly higher/ (lower) fair value of the properties.

Reconciliation of fair value:

	2019 RTGS$	2018 RTGS$
As at 1 April	**10 745 000**	**10 730 000**
Remeasurement recognised in profit or loss (in other operating expenses)	(235 896)	-
Remeasurement recognised in other comprehensive income	6 026 636	15 000
Remeasurement recognised in functional currency reserve	15 828 200	-
As at 31 March	**32 363 940**	**10 745 000**

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2019 RTGS$	2018 RTGS$
Cost	32 363 940	10 730 000
Accumulated depreciation	(635 400)	(420 800)
Net carrying amount	**31 728 540**	**10 309 200**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

11 INVESTMENT PROPERTY

	2019 RTGS$	2018 RTGS$
Balance at 1 April	7 367 000	7 295 000
Disposals	(12 000)	-
Functional currency adjustment	11 032 500	-
Fair value adjustment	3 681 424	72 000
Balance at 31 March	22 068 924	7 367 000

Investment properties were valued by Dawn Property Consultancy, an accredited independent valuer. Dawn Property Consultancy is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuations Standards Committee has been applied.

- Investment Property with a value of RTGS$8.5million (RTGS$ 2.8 million: 2018) was pledged as security for borrowings.
- Twenty five (25) properties have no title deeds. Of these, fourteen (14) are held under lease with Rural District Councils, seven (7) are under dispute with a non-controlling shareholder of a subsidiary company in a High Court case where Directors believe there will not be any significant outflow of resources and four (4) are undergoing the process of transfer of ownership from previous owners.

There were significant increases in the value of investment property due to the change of functional currency in February 2019 from United States dollars to Real Time Gross Settlement dollar. The opening exchange rate was RTGS$ 2.5 to US$1 and this exchange rate was used for the initial conversion on 23 February 2019 with the difference taken to the Functional Currency Reserve. Subsequent movement of the rate from the opening rate to the closing rate of RTGS$ 3.012:US$ 1 were treated as fair value gain in the Statement of Profit or loss and other comprehensive income.

The level of the fair value hierarchy and the description of the valuation techniques applied are detailed below;

Description of valuation techniques used and key inputs to valuation of investment properties;
Owing to the current macro-economic challenges prevailing in Zimbabwe transactions in various segments of the property market have not been active; therefore the following methods and assumptions have been adopted in the valuation process:

Valuation techniques for Land and Residential Properties

The comparative method is used to value land and residential properties. This method works on the basic assumption that the price paid for a property at a given point in time is evidence of the market value of that property and all other factors being equal is a good indicator of the market value of a similar property. It involves carrying out a valuation by directly comparing the subject property with similar properties which have sold in the past and using evidence of those transactions to assess the value of the subject property. Analysis should encompass every attribute of a transaction that was different from every other attribute in selected comparable transactions.

The more comparables that are available to the valuer, the easier it is to derive an estimate of value with substantive evidence. Most suitable for residential property where there is a freehold interest or a long leasehold interest. The units of comparison can include land area per square metre; main space equivalent (This encompasses location; size; quality; etc.). The key drivers of value are land value and the main space equivalent factor (MSE).

Valuation techniques for Other Investment Properties

The Income approach was used to value investment properties. This method is based on the assumption that rental and capital values have a close relationship. There is an inverse relationship between asking price and the capitalisation rate. The higher the capitalisation rate the lower the asking price and vice versa. The method is used to value income (from rents

NOTES TO THE FINANCIAL STATEMENTS CONT'D

11 INVESTMENT PROPERTY(CONTINUED)

Valuation techniques for Other Investment Properties (continued)

or leases) producing properties. The income generated by the property is used in conjunction with the capitalisation rate to estimate the property value. The capitalisation rate is evidence based on the similar returns that are achieved by similar properties that are sold in the market. The chief drivers in property values are capitalisation rate and the net annualised rental income.

Significant Unobservable Inputs

These are as follows:-

For Land and Residential Properties – land rate per square metre and the main space equivalent (MSE) factor.

For Other Investment Properties – rental value per square metre and the capitalisation rate.

In arriving at the Fair Values, the following rentals and capitalisation rates were applied on the main space for selected towns:

	Valuation	Significant unobservable inputs	Range
Industrial	Implicit investment	Estimated Rental Value per sq.m	US$3.00-4.50(2018: US$3.00-4.50)
		Capitalisation rate	10.5% - 13% (2018:11-13%)
Warehouse	Implicit investment	Estimated Rental Value per sq.m	US$1.50-3.50 (2018: US$1.50-3.50)
		Capitalisation rate	10.5% - 13% (2018:11-13%)
Residential	Comparable method	Estimated Rental Value per sq.m	US$2.00-8.00 (2018: US$2.00-8.00)
		Transacted property prices	-
Land/ stands	Comparable method	Price per square metre	US$2.00-US$7.76 (2018: US$2.00-US$7.76)

Significant increases / decreases in estimated rental value in isolation would result in a significantly higher/ (lower) fair value of the properties.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Reconciliation of fair value:

	2019 RTGS$	2018 RTGS$
As at 1 April	7 367 000	7 295 000
Disposals	(12 000)	-
Remeasurement recognised in other comprehensive income	3 681 424	72 000
Remeasurement recognised in functional currency reserve	11 032 500	-
As at 31 March	22 068 924	7 367 000

Revenue and expenses relating to investment property

	2019 RTGS$	2018 RTGS$
Rental income	484 527	421 600
Operating costs	(231 089)	(214 246)

There were no transfers between Levels 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

12 INVESTMENTS

12.1 Investment in associate

The Group has a 33.33% interest in Tongaat Hulett (Botswana) (Proprietary) Limited (formerly Sugar Industries (Pty) Limited). Tongaat Hulett (Botswana) (Proprietary) Limited is a private entity that is not listed on any public exchange.

The following table illustrates summarised financial information of the Group's investment in Tongaat Hulett (Botswana) (Proprietary) Limited.

	GROUP		COMPANY	
	2019 RTGS$	2018 RTGS$	2019 RTGS$	2018 RTGS$
Investment at cost	-	-	99 279	99 279
Associate's statement of financial position:				
Non-current assets	3 692 048	1 316 829	-	-
Current assets	19 117 382	8 124 411	-	-
Current liabilities	(5 743 959)	(1 422 919)	-	-
Non-current liabilities	(498 771)	(163 041)	-	-
Net assets	**16 566 700**	**7 855 280**	**-**	**-**
Share of the associate's statement of financial position:	5 522 233	2 618 427	-	-
Statement of comprehensive income				
Revenue	32 942 079	32 043 726	-	-
Cost of sales	(26 472 047)	(27 035 655)	-	-
Administrative expenses	(1 562 349)	(1 860 424)	-	
Finance costs	25 924	20 578	-	-
Profit before tax	**4 933 607**	**3 168 225**	**-**	**-**
Income tax expense	(1 064 305)	(696 891)	-	
Profit for the year	3 869 302	2 471 334	-	-
Total comprehensive income	3 869 302	2 471 334	-	-
Group's share of total comprehensive income for the year	1 289 769	823 778	-	-
Dividend received from associate	**2 078 396**	**684 845**	**2 078 396**	**684 845**
Reconciliation of investment in associate				
Balance at 1 April	2 618 427	2 230 799	-	-
Share of profits	1 289 769	823 778	-	-
Dividends received	(2 078 396)	(684 845)	-	-
Effects of changes in exchange rates	(327 845)	248 694	-	-
Change in functional currency	4 020 278	-	-	-
Balance at 31 March	**5 522 233**	**2 618 427**	**-**	**-**

The investment was provided as security for a trade and payable which was converted to a loan per the Secondary Scheme of Arrangement with creditors.

12.2 Investments in subsidiaries

	GROUP 2019 RTGS$	GROUP 2018 RTGS$	COMPANY 2019 RTGS$	COMPANY 2018 RTGS$
Starafrica Operations (Private) Limited	-	-	-	-
Silver Star Properties (Private) Limited	-	-	18 577 129	18 577 129
Starafrica International Limited	-	-	2	2
Namibstar Trading (Pty) Limited	-	-	13	13
	-	-	18 577 144	18 577 144

NOTES TO THE FINANCIAL STATEMENTS CONT'D

12 INVESTMENTS (CONTINUED)

12.3 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non controlling interest are provided below:

Proportion of equity interest held by non-controlling interest

Name	Country of incorporation and operation	2019	2018
Safariland Investments (Private) Limited	Zimbabwe	**30%**	**30%**

	2019	2018
Accumulated balances of material non controlling interest		
Name		
Safariland Investments (Private) Limited	2 488 700	1 608 671
Profit allocated to material non controlling interest		
Name		
*Safariland Investments (Private) Limited	245 191	-
Summarised statement of profit or loss - Safariland Investments (Private) Limited		
Revenue	-	-
Administrative expenses	-	-
Fair value adjustment of investment	972 800	-
Profit before tax	972 800	-
Income tax	(155 496)	-
Profit for the year	**817 304**	**-**
Total comprehensive profit	**817 304**	**-**
Attributable to non-controlling interest	245 191	-
Summarised statement of financial position - Safariland Investments (Private) Limited		
Investment property	5 722 800	1 900 000
Trade and other receivables	3 929 793	3 929 793
Cash and cash equivalents	280	280
Trade and other payables	(114 996)	(114 996)
Deferred Tax	(1 248 308)	(358 937)
Total equity	**8 289 569**	**5 356 140**
Attributable to:		
Equity holders of the parent	-	-
Non-controlling interest	2 488 700	1 608 671
Summarised cash flow information - Safariland Investments (Private) Limited		
Operating	-	-
Net increase/(decrease) in cash and cash equivalents	-	-

*Safariland Investments (Private) Limited was not operational during the year.

13 INVENTORIES

	GROUP		COMPANY	
	2019 RTGS$	2018 RTGS$	2019 RTGS$	2018 RTGS$
Raw materials	1 335 568	1 075 548	-	-
Work in progress	526 330	471 100	-	-
Finished product/wholesale merchandise	1 210 881	1 109 218	-	-
Consumables	1 905 508	824 822	-	-
Total inventories at the lower of cost and net realisable value	4 978 287	3 480 688	-	-

There was no amount of inventory write-down recognised as an expense in the current year(2018: RTGS$181 764). The amount of inventory expensed during the year is RTGS$39 149 659(2018: RTGS$36 988 002).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

14 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019 RTGS$	2018 RTGS$	2019 RTGS$	2018 RTGS$
Trade receivables	5 338 655	5 119 374	-	-
Allowance for credit losses	(2 195 865)	(1 136 044)		
Receivables for disposed assets	275 925	471 925	-	-
Value added tax	962 947	389 753	-	-
Other receivables*	1 674 288	1 098 439	-	-
Amounts owed by related parties**	-	-	51 742 463	50 122 676
	6 055 950	**5 943 447**	**51 742 463**	**50 122 676**

* Other receivables include employee housing scheme debtors and payables reclassified to receivables.

** The movement in amounts owed by related parties relates to the Group's shares which are housed in the holding company which were issued in lieu of Secondary Scheme debts across subsidiaries.

Terms and conditions relating to receivables:

Trade receivables are non-interest bearing and are generally on 30 day credit terms. Amounts owed by related parties are non-interest bearing and are on terms in excess of 30 days. See note 23 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Impairment

The above trade and other receivables are net of allowance for credit losses of $2 195 885 (2019 adjusted opening balance: $2 322 927). As at 31 March 2019, the Group did not hold any security on trade and other receivables.

Reconciliation of the allowance for expected credit losses	GROUP		COMPANY	
	2019 RTGS$	2018 RTGS$	2019 RTGS$	2018 RTGS$
Opening balance as at 1 April	**1 136 044**	**1 004 975**	**-**	**-**
Additional allowance on adopting IFRS 9	1 186 883	-	-	-
Adjusted opening balance	**2 322 927**	**1 004 975**	**-**	**-**
Utilised / Charge	(127 042)	131 069	-	-
Charge for the year	(127 042)	131 069	-	-
Closing balance as at 31 March	**2 195 885**	**1 136 044**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

15 NOTES TO THE STATEMENTS OF CASH FLOWS

		GROUP		COMPANY	
		2019 RTGS$	2018 RTGS$	2019 RTGS$	2018 RTGS$
15.1	**Cash used in operations**				
	(Loss)/ profit before tax	10 071 477	(3 227 531)	2 127 889	686 992
	Depreciation	946 387	939 643	-	-
	Valuation gain on investment property	(3 681 424)	(72 000)	-	-
	Allowance for credit losses (Note 14)	(127 042)	131 069	-	-
	Other non-cash items	(49 892)	185 338	-	-
	Interest on payables included in finance costs	(356 066)	(317 961)	-	-
	Renegotiated long term loan adjustment	-	(990 172)	-	-
	Effect on adoption of IFRS9	-	-	-	-
	Unrealised exchange loss/gain	3 114 935	-	-	-
	Profit on disposal of property, plant and equipment	(179 478)	(28 225)	-	-
	Dividends received from associate	-	-	(2 078 396)	(684 845)
	Share of profit of an associate	(1 289 769)	(823 778)		-
		8 449 128	**(4 203 617)**	**49 493**	**2 147**
15.2	**Net finance cost**				
	Finance income	(2 644)	(2 147)	(2 644)	(2 147)
	Finance cost	2 757 113	6 243 635	-	-
		2 754 469	**6 241 488**	**(2 644)**	**(2 147)**
15.3	**Working capital changes**				
	Decrease / (Increase) in inventories	(1 497 599)	2 545 758	-	-
	Increase in accounts receivable	(3 177 506)	(144 352)	(1 474 586)	(586 420)
	(Decrease) / Increase in accounts payable	1 140 845	(4 164 236)	-	-
		(3 534 260)	**(1 762 830)**	**(1 474 585)**	**(586 420)**
	Cash generated /(used) in operations	**7 669 337**	**275 041**	**(1 427 737)**	**(586 420)**
15.4	**Cash and cash equivalents**				
	For the purpose of the statements of cash flows,				
	Cash and cash equivalents comprise the following at 31 March:				
	Cash and bank balances	8 607 583	1 215 794	1 252 397	210 592
	Overdraft balances	-	(99 340)	-	-
		8 607 583	**1 116 454**	**1 252 397**	**210 592**

Cash at banks earn interest at floating rates based on daily bank deposit rates.
Bank overdrafts are interest-bearing borrowings which accrue interest at market related rates.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

16 LOANS AND BORROWINGS

16.1 Long-term borrowings

	GROUP	
	2019 RTGS$	2018 RTGS$
(a) Zimbabwe Asset Management Company (ZAMCO)	219 706	289 706
(b) Stanbic Loan Facility	2 137 535	666 588
(c) Intermarket Bank Zambia	2 849 707	836 881
(d) Zimbabwe Sugar Sales	11 058 536	11 508 559
(e) Con current Creditors (inc-DuPont Agricole)	15 644 738	7 404 214
(f) Banc ABC	807 958	968 111
	32 718 180	21 674 059
Less: current portion of long-term loans	(3 496 162)	(2 004 515)
	29 222 018	**19 669 544**

16.2 Short-term borrowings

	2019 RTGS$	2018 RTGS$
(a) Zimbabwe Asset Management Company (ZAMCO)	219 706	289 706
(b) Stanbic Loan Facility	358 855	76 057
(c) Intermarket Bank Zambia	612 728	94 192
(d) Zimbabwe Sugar Sales	314 812	1 134 955
(e) Con current Creditors (inc-DuPont Agricole)	1 956 363	376 047
(f) Banc ABC	33 698	33 558
	3 496 162	**2 004 515**
Total interest-bearing borrowings	**32 718 180**	**21 674 059**

16.3 Changes in interest-bearing loans and borrowings arising from Financing activities

	2019 RTGS$	2018 RTGS$
Opening balance	21 674 059	62 044 494
New loans	-	1 000 000
Interest charged	2 292 929	5 925 675
Loans paid	(160 292)	(873 447)
Interest paid	(1 779 693)	(187 049)
Loans renegotiated	-	(421 389)
Effect of change in functional currency	12 112 895	-
Conversion of liability to equity	(1 421 718)	(45 430 782)
Other adjustments	-	(383 443)
Total interest-bearing borrowings	**32 718 180**	**21 674 059**

16.4 Loan Summary

a) ZAMCO Scheme

The amount relates to the balance for conversion fees which were charged as part of the initial Secondary Scheme Arrangement. The amount attracted no interest and was cleared subsequent to year end.

b) Stanbic Loan Facility (Zambia)

The loan bears interest at 10% per annum and is secured over property. The loan is being managed separately from the Scheme of Arrangement with repayment terms still being negotiated following new exchange control pronouncement in February 2019. Stanbic Bank loan is secured against investment property valued at RTGS$ 2 108 400 (RTGS$ 700 000: 2018).

c) Intermarket Bank Zambia

This loan relates to Red Star Zambia, is unsecured and bears interest at 15% per annum. The amount is being managed separately from the Scheme of Arrangement with repayment terms still being negotiated following new exchange control pronouncement in February 2019.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

16 LOANS AND BORROWINGS (CONTINUED)

d) Zimbabwe Sugar Sales (ZSS)

ZSS was owed RTGS$ 11 333 808 for raw sugar supplied in the past and this amount was converted into a five-year loan effective 1 November 2016 and is repayable at the end of five years. The loan has an interest rate of 7% per annum which is payable half yearly and ZSS has the option to convert the loan into ordinary shares at a conversion price of RTGS$ 0.0125 at its discretion within the loan tenure. The arrangement is a compound financial instrument in which the present value of the liability was RTGS$ 10 021 058 while the equity amounted to RTGS$ 1 312 750.

The cumulative amount has decreased due to settlement of all the interest that had accrued since inception of the scheme. The amount is partly secured by a bank guarantee worth RTGS$ 4 million from ZB Bank. ZB Bank guarantee is in turn secured against property valued at RTGS$ 6 265 000 made up of RTGS$ 8 478 780 in investment property and RTGS$ 12 409 440 in property classified as property, plant and equipment.

e) Concurrent Creditors

The Scheme provided for the conversion of amounts owed to concurrent creditors amounting to RTGS$ 9 171 160 into a five-year loan. The amount includes DuPont Agricole which accounts for more than half of the total amount. The loan is to be paid at the end of five years and attracts interest at 7% per annum. The interest is payable quarterly but the interest for the first two quarters was capitalised. Concurrent creditors have an option to convert their debt to equity at a conversion price of RTGS$ 0.0125.

Some of the concurrent creditors with a cumulative debt of RTGS$ 810 247 chose to convert amounts owed to them to 64 819 724 shares at a price of RTGS$0.0125 between September 2017 and the year end. Conversions have continued after year end as the Group continues to persuade the creditors to convert.

f) BancABC Loan

The Group received RTGS$ 1 million for working capital from BancABC in April 2017 in line with the Secondary Scheme of Arrangement. The loan, which is unsecured, attracts interest at 9% per annum payable quarterly but there was a six month moratorium on the repayment of both interest and principal. The principal amount together with the interest will be repaid over five years counted from the expiry of the moratorium. The Group settled the two instalments that fell due within the financial year.

g) Equity components of compound financial instruments

Lender	Note	Balance as at 1 April 2017	Transfer out after conversion RTGS$	Change in functional currency RTGS$	Balance as at 31 March 2018
Zimbabwe Sugar Sales	16.3(d)	1 312 750	-	-	1 312 750
Con-current creditors	16.3(g)	1 613 459	(233 438)	1 756 390	3 136 411
TOTAL		**2 926 209**	**(233 438)**	**1 756 390**	**4 449 161**

16.5 Borrowing powers

In terms of the Group's Articles of Association, at any one time, the amount owing in respect of monies borrowed or secured by the Directors, taken together with the aggregate of all similar borrowings of its subsidiary companies (but excluding inter-company) shall not without the sanction of the Company in General Meeting, by ordinary resolution, exceed an amount twice the consolidated shareholders' equity. The status of borrowings available for utilisation are as follows:

GROUP

	2019 RTGS$	2018 RTGS$
Authorised borrowings per Articles of Association	**68 152 649**	**-**
Total borrowings	29 223 010	21 773 399
-Loans and borrowings (Note 16.1)	29 223 010	21 674 059
-Bank overdraft		99 340
Excess over borrowing limit	-	(21 773 399)

The Group is no longer in breach of the borrowing powers as stipulated in its Memorandum and Articles of Association which was the case in the previous year where it had exceeded borrowing powers by RTGS$21.8 million.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

17 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio consisting of the Group's surplus offices, residential, and industrial properties. The non-cancellable leases have terms of one year renewable and include a clause to enable upward revision of the rental charge at least on an annual basis as informed by prevailing market conditions.

	GROUP	
	2019 RTGS$	2018 RTGS$
Within one year	**570 337**	**401 551**
Capital expenditure commitments		
Authorised but not contracted for	3 614 400	1 195 666
Total	**3 614 400**	**1 195 666**

Contingencies
The Group has no contingent liabilities (2018: nil).

18 DEFERRED TAX

Opening balance at 1 April	**2 226 167**	**1 826 921**
Effect on adoption of IFRS9	(305 621)	-
Charge to profit and loss	732 630	387 977
Charge to other comprehensive income	301 331	11 270
Charge to functional currency translation reserve	3 087 591	-
Closing balance at 31 March	**6 042 098**	**2 226 168**

18.1 Analysis of deferred taxation

Property, plant and equipment	7 796137	5 751 234
Investment property	2 466 263	1 234 956
Compound financial instruments	251 028	-
Provisions	(661 008)	(171 900)
Prepayments	-	18 068
Unrealised exchange loss	(806 731)	-
Estimated tax loss	(3 003 591)	(4 606 190)
Net liability at 31 March	**6 042 098**	**2 226 168**

The Group has tax losses which arose in one subsidiary of RTGS$15 393 700 (2018:RTGS$ 20 844 225) that are available for offset against future taxable profits of the subsidiary.

Year of Loss	Tax Losses US$	Expiry Date
March 2016	11 077 740	March 2021
March 2015	2 685 692	March 2020
March 2014	1 630 268	March 2019
	15 393 700	

The taxable income for financial year ended 31 March 2019 is $ 9 179 793 (2018: $ 2 956 107).

NOTES TO THE FINANCIAL STATEMENTS CONT'D

19 PAYABLES

Trade and Other Payables	GROUP		COMPANY	
	2019 RTGS$	2018 RTGS$	2019 RTGS$	2018 RTGS$
Trade payables	5 146 711	4 584 487	-	-
Other payables	11 269 340	10 724 668	165 265	165 265
	16 416 051	**15 309 155**	**165 265**	**165 265**

Trade payables are non-interest bearing and are normally settled on 30 day terms. ZB Bank Limited guaranteed a major trade creditor for RTGS $4 million and a portion of that creditor is secured against property valued at RTGS$ 20.9 million made up of RTGS$ 8.5 million in investment property and RTGS$ 12.4 million in property classified as property, plant and equipment.

Other payables consist of statutory creditors most of which are legacy creditors which the Group is negotiating to restructure into longer terms as was envisaged in the Secondary scheme of arrangement with creditors. The other significant amounts are salary and wage outstanding payments, outstanding amounts from prior year restructuring costs, and balance from the plant upgrade which are being slowly settled in light of current foreign exchange constraints and to a lesser extent leave pay and audit fees accruals.

20 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

* The food segment is a manufacturer of sugar products namely:

i. Purified sugar for household and industrial consumption produced at Goldstar Sugars Harare Refinery, and

ii. Sugar specialties produced at Country Choice Foods comprising of icing sugar, castor sugar, syrups and caramel.

* The property segment manages offices, manufacturing and residential premises on behalf of the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices for all transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

20 SEGMENT INFORMATION (CONTINUED)

31-Mar-19	Food RTGS$	Properties RTGS$	Adjustments & eliminations RTGS$	Consolidated RTGS$
Revenue				
External customer	72 253 608	484 527	-	72 738 135
Purified sugar	60 412 054	-	-	60 412 054
Sugar specialties	11 841 554	-	-	11 841 554
Inter-segment	8 182 558	159 460	(8 342 018)	-
Total revenue	**80 436 166**	**643 987**	**(8 342 018)**	**72 738 135**

Revenue from two customers contributing more than 10 percent of total sales each amounted to RTGS$ 16.9 million (2018: (one customer) RTGS$ 9.4 million), arising from sales in the Purified sugar segment.

31-Mar-19	Food RTGS$	Properties RTGS$	Adjustments & eliminations RTGS$	Consolidated RTGS$
Results				
Depreciation	(735 473)	(210 914)	-	(946 387)
Finance income	2 644	-	-	2 644
Finance cost	(2 748 893)	(8 220)	-	(2 757 113)
Fair value adjustment on Investment Property	-	3 681 424	-	3 681 424
Share of profit of an associate	-	-	1 289 769	1 289 769
Segment (loss) before tax	**6 962 911**	**851 882**	**2 256 683**	**10 071 477**
Income tax	(492 606)	(39 116)	(506 311)	(1 038 033)
Assets and liabilities				
Capital expenditure	627 103	675	-	627 778
Operating assets	57 197823	32 391 178	2 176 403	91 765 404
Operating liabilities	52 073 087	2 658 675	535 794	55 267 556

31-Mar-18	Food RTGS$	Properties RTGS$	Adjustments & eliminations RTGS$	Consolidated RTGS$
Revenue				
External customer	47 678 520	421 600	-	48 100 120
Purified sugar	44 400 418	-	-	44 400 418
Sugar specialties	3 278 102	-	-	3 278 102
Inter-segment	1 579 554	167 460	(1 747 014)	-
Total revenue	**49 258 074**	**589 060**	**(1 747 014)**	**48 100 120**
Results				
Depreciation	(728 730)	(210 913)	-	(939 643)
Finance income	2 147	-	-	2 147
Finance cost	(6 243 635)	-	-	(6 243 635)
Fair value adjustment on Investment Property	-	72 000	-	72 000
Share of profit of an associate	-	-	-	823 778
Segment (loss) before tax	**(4 107 300)**	**(7 838)**	**887 607**	**(3 227 531)**
Income tax	(347 132)	(70 539)	(136 969)	(554 640)
Assets and liabilities				
Capital expenditure	391 955	-	-	391 955
Operating assets	124 039 199	28 562 986	(111 035 682)	41 566 503
Operating liabilities	133 330 745	3 438 819	(96 298 109)	40 471 455

NOTES TO THE FINANCIAL STATEMENTS CONT'D

20 SEGMENT INFORMATION (CONTINUED)

Adjustments and eliminations

Exchange losses, share of profit from associates and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

Inter-segment revenues are eliminated on consolidation.

	GROUP	
	2019 RTGS$	2018 RTGS$
Reconciliation of profit / (loss)		
Segment profit / (loss)	**7 814 794**	**(4 115 138)**
Food	6 962 912	(4 107 300)
Properties	851 882	(7 838)
Fair value adjustment on investment property	3 681 424	72 000
Exchange loss	(2 714 510)	(8 171)
Share of profit from associate	1 289 769	823 778
Profit / (loss) before tax	**10 071 477**	**(3 227 531)**
Reconciliation of assets		
Segment operating assets	86 243 168	38 948 075
Investments in associates	5 522 233	2 618 427
Group operating assets	91 765 401	41 566 502
Reconciliation of liabilities		
Segment operating liabilities	49 476 486	38 263 963
Deferred tax liabilities	5 791 070	2 226 168
Group operating liabilities	55 267 556	40 490 131

21 PENSION AND RETIREMENT BENEFITS STARAFRICACORPORATION LIMITED

21.1 Pension Fund

Retirement benefits are provided for eligible employees through an independently administered defined contribution plan, including the National Social Security Authority (NSSA).

21.2 Pension cost charged to the profit or loss during the year

	2019 RTGS$	2018 RTGS$
National Social Security Authority - Defined contribution plan	110 479	88 474

NOTES TO THE FINANCIAL STATEMENTS CONT'D

22 RELATED PARTY DISCLOSURES

Parent Company

Starafrica Corporation Limited is listed on the Zimbabwe Stock Exchange and has multiple shareholders. Zimbabwe Asset Management Corporation (Private) Limited is currently the major shareholder with 57.44% shareholding.

Transactions with other related parties

Trade with other related parties

	Years	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Associate					
Tongaat Hulett Botswana (Pty) Limited	2018	-	-	-	-
	2019	1 186 102	-	-	750 888

Terms and conditions for sales to related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The sales made to the associate were for refined sugar and amounts owed to it were for payments received for sugar that had not yet been delivered as at year end. The outstanding amount is in South African rands and has been translated to RTGS$ at the closing rates as at 31 March 2019.The amount is unsecured and does not attract interest.

Compensation of key management personnel of the Group	2019 RTGS$	2018 RTGS$
Short term employee benefits	1 223 332	912 735
Post-employment pension and medical benefits	2 940	1 470
Total compensation paid to key management personnel	**1 226 272**	**914 205**

Loans from related parties	GROUP 2019 RTGS$	GROUP 2018 RTGS$	COMPANY 2019 RTGS$	COMPANY 2018 RTGS$
Star Africa Operations (Private) Limited (Subsidiary)	-	-	51 742 463	50 122 677
	-	-	51 742 463	50 122 677

The movement in amounts regarding the Star Africa Operations (Pvt) Ltd relates to the Group's shares which are housed in the holding company which were issued in lieu of Secondary Scheme debts across subsidiaries. No interest is charged on the inter-company loans.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

23 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise bank loans and overdrafts, trade payables and other loans. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade and other receivables and cash and short-term deposits, which arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.
The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Audit and Risk committee that advises on the financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: foreign currency risk and interest risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments

23.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from services and licences offered to the Group by providers outside Zimbabwe and are billed in currencies other than the Group's functional currency. The exposure is managed through continuously seeking for foreign currency to pay outstanding balances and commitments. Because of investments in Botswana, the Group's Statement of Financial Position can be affected significantly by movements in the RTGS$/ Pula exchange rates respectively.

The Group has a 33.3% investment in Tongaat Hulett Botswana whose primary trading currency is the Pula. The value of the Group's share in net assets is susceptible to changes in the exchange rates between the Botswana Pula (BWP) and the RTGS$ which is the Group's reporting currency. The changes are reported under Other Comprehensive Income (OCI) and Non-current Assets.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

The tables below demonstrate the sensitivity to a reasonably possible change in the RTGS$ against other currencies. Post cut-off date, the RTGS$ exchange rate against other currencies has depreciated by close to 100% thus the sensitivity analyses for 2019 assume 100% and 150% scenarios.

23.2.1 RTGS$ against BWP

The sensitivity is based on the Group's share of THB's net assets as at 31 March:

Year	Change in BWP rate	Effect on OCI	Effect on Non-current Assets
2019	+150%	$ 8 263 019	$ 8 263 019
2019	-100%	$ 5 508 679	$ 5 508 679

Year	Change in BWP rate*	Effect on OCI	Effect on Non-current Assets
2018	+5%	$ 130 921	$ 130 921
2018	-5%	($ 124 687)	($ 124 687)

* Note that the 2018 sensitivity analysis was between the BWP and the USD hence the small percentage range then.

23.2.2 RTGS$ against USD

The sensitivity is based on the Group's exposure to all USD denominated assets and liabilities as at 31 March 2019.

Year	Change in BWP rate	Effect on OCI	Effect on Non-current Assets
2019	+150%	($17 666 829)	($8 745 080)
	+100%	($11 777 886)	($13 117 620)

There are no comparatives for 2018 as the Group's functional and reporting currency were in USD

23.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's financial assets which are subject to credit risk are mainly debtors and cash resources. It is the Group's policy to only trade with recognised and credit worthy third parties. About 80% of the business is on a credit basis and the customers are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Debtors which are not impaired are those still within their settlement terms or those with an alternative settlement plan that is being adhered to. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

23.3 Credit risk (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14. The Group does not hold collateral as security.

The Group does not take collateral for the amounts extended to customers but does make use of guarantees by the directors of the entities. Cash resources are placed with various approved financial institutions. The financial institutions are of a high credit standing.

Set out below is the provisioning matrix for financial years 2018 and 2019:

31 - Mar-19	Current	30-59 days	60-89 days	90-119 days	Over 120 days	Total
Expected credit loss rate	34%	14%	42%	100%	100%	
Expected total gross carrying amount at default (RTGS$)	4 254 235	268 602	153 619	82 108	580 090	5 338 654
Expected credit loss rate (RTGS $)	1 431 114	37 502	65 071	82 108	580 090	2 195 885
1-Apr-18	**Current**	**30-59 days**	**60-89 days**	**90-119 days**	**Over 120 days**	**Total**
Expected credit loss rate	33%	14%	45%	100%	100%	
Expected total gross carrying amount at default (RTGS$)	3 662 215	352 781	69 038	230 206	804 134	5 119 374
Expected credit loss rate (RTGS$)	1 209 258	48 180	31 149	230 206	804 134	2 322 927

23.4 Liquidity risk

Liquidity risk for the Group arises from instalments arising from long-term loans as well as day-to-day operational requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group assesses the maturity profiles of both its financial investments and financial assets, e.g. accounts receivables, other financial assets and projected cash flows from operations with a view to match them with settlement of liabilities as they fall due. This is done through a liquidity and working capital model.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2019 based on contractual undiscounted payments

NOTES TO THE FINANCIAL STATEMENTS CONT'D

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Less than 4 months RTGS$	4 to 12 months RTGS$	More than 12 months RTGS$	Total RTGS$
2019				
Bank overdraft	-	-	-	-
Loans and borrowings long term	42 394	-	29 179 624	29 222 018
Loans and borrowings short term	1 224 987	2 271 174	-	3 496 162
Trade and other payables	2 075 000	14 341 050	-	16 416 050
Future interest payable on borrowings	-	1 645 718	5 760 011	7 405 729
	3 342 381	**18 257 942**	**34 939 635**	**56 539 959**
2018				
Bank overdraft	14 000	85 340	-	99 340
Loans and borrowings long term	-	-	19 669 544	19 669 544
Loans and borrowings short term	-	2 004 515	-	2 004 515
Trade and other payables	382 729	14 926 425	-	15 309 154
Future interest payable on borrowings	-	1 623 334	8 116 668	9 740 002
	396 729	**18 639 614**	**27 786 212**	**46 822 555**

23.5 Interest Risk

This is the rate that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group manages its interest cost and risk by using fixed rate debts, hence no sensitivity analysis is provided.

23.6 Capital Management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. In an effort to manage the Group capital structure, the Group entered into a Scheme of Arrangement with its lenders and creditors which restructured the debt, interest rates and repayment terms.

No changes were made in the objectives, policies or processes during the year ended 31 March 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 40% and 60%.The Group includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

23.6 Capital Management(continued)

The Group is now within the gearing ratio range of below 100% after the return to profitability as well as restructuring of the balance sheet.

	2019 RTGS	2018 RTGS$
Loans and Borrowings-long term (Note 16.1)	29 222 018	19 669 544
Loans and Borrowings-short term (Note 16.2)	3 496 162	2 004 515
Trade and other payables (Note 19)	16 416 049	15 309 154
Bank overdraft (Note 15.4)	-	99 340
Less: cash and short-term deposits (Note 15.4)	(8 607 583)	(1 215 794)
Net debt	40 526 646	35 866 759
Equity	34 076 324	(532 300)
Capital and net debt	**74 602 970**	**35 334 459**
Gearing ratio	54%	102%

23.7 Fair values of financial instruments

Fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts. In terms of IFRS 13 the fair value of a liability reflects the effect of non-performance risk. Non- performance risk includes, but is not limited to, the group's own credit risk and settlement risk. The Group's credit and settlement risk was assessed as high as is evidenced by the Scheme of Arrangement explained in Note 16. Management could not determine the adjustment required to the estimated market related interest rate above for non-performance risk. Management could not reliably determine the Group's credit spread as there are no quoted prices for corporate bonds of similar credit quality to the Group's loans and borrowings. The fair value of the Group's non-current liabilities approximate their carrying amounts as the interest rates payable on the Secondary Scheme debts are not materially different from those obtaining in the market for long-term debt.

24 RETAINED EARNINGS

In terms of the Zimbabwe Exchange Control Regulations, retained profit brought forward from prior years is now remittable to non-resident shareholders.

25 GOING CONCERN

The Group's performance for the year under review resulted in a Profit after Tax (PAT) of RTGS$ 8.8 million against a Loss after tax of RTGS$ 3.8 million in 2018.This is the first PAT since the adoption of multi-currency in 2009. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased from the RTGS$ 3.1 million in 2018 to RTGS$ 12.4 million in 2019. The state of the balance sheet is now positive following the conversion of a cumulative $ 48.1 million worth of debt to equity as was provided for under the Secondary Scheme of Arrangement with creditors which came into effect on 3 February 2017 and a strong operating performance in 2019. The net asset position has increased from $ 1.1 million in 2018 to $ 36.2 million in the year under review. The net current liability position of $ 7.9 million that was there in 2018 has now reversed into a net current asset position of $1.5 million. The Group is no longer in breach of the borrowing powers as stipulated in its Memorandum and Articles of Association which was the case in the previous year where it has exceeded borrowing powers by RTGS$ 21.7 million.

The conditions presented in the preceding paragraph indicate significant positive developments which have enhanced the Group's ability to discharge its liabilities through realising its assets in the normal course of business. There is thus credible ground to the Group's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS CONT'D

25 GOING CONCERN (CONTINUED)

The Group's return to full profitability and solvency will be buttressed by the deliverables listed below which management will continue to pursue in the coming twelve months and beyond:

Secondary Scheme

The implementation of the Scheme has progressed to a stage where 72% of the convertible debt has been converted to equity which has resulted in not only significantly reducing the interest burden but has contributed to the correction of the balance structure. Management continues to engage the remaining creditors with a view to conversion but is also confident of meeting the eventual settlement requirements should the creditors hold out to the end of the Scheme in 2021.

Plant capacity enhancements

The Group continued with partial refurbishment of the secondary plant from own resources, which largely came from batches of exports that took place in the year. The refurbishments focused on areas deemed to give the most immediate impact towards meeting existing demand which was at time exacerbated by sporadic "panic buying" episodes especially in the second half of the financial year.

The plant was recertified by The Coca Cola Company (TCCC) as well as under the Food Safety Certification (FSCC 22000) system which allows the Group to sell product to TCCC affiliated entities within the Southern Africa region. The Group's ratings under the Supplier Guiding Principles (SGP) were upgraded to "green" following an audit which was carried out in May 2019.

Markets and Products Development

Exports for the year totalled 1 950 tonnes and were solely to Botswana. The sales took place for just half of the year under review thus the target for the coming year is to achieve more than double the current year's tonnage following market exploration work in Central and East Africa.

Product demand in the local market grew as some of the key major customers experienced increased demand locally and also began to export some of their products. There was also a marked shift in demand for our products from customers who previously imported raw materials but had started experiencing challenges following the dearth of foreign currency in the country.

There was also steady growth in the performance of products which were launched in the last eighteen months largely honey and sweeteners. There is ongoing work to refresh the packaging of existing products to enhance customer experience while also establishing at least two more new products in the next twelve months. The Group's established production capacity of at least 150 000 tonnes per annum will remain sufficient to meet local and export market requirements in the short and medium term.

Management is confident that the notable changes to the financial performance and resultant position will be maintained and enhanced through product and markets development for both local and export requirements to meet the forecast volumes for the coming year and beyond.

The financial statements are prepared on the basis that the Group will continue to be a going concern. This basis of preparation is on the assumption that the forecast production and sales will be achieved, the Group will continue to be profitable thus realising its assets and discharging its liabilities

26 EVENTS AFTER THE REPORTING DATE

There were no material events after reporting date.

SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS

	Number of Share-holders	Number of shares	% of Shares
2019			
Major Shareholder - non resident	1	33 398 500	0.69%
Other - non resident	130	19 771 145	0.41%
Total external shareholders	**131**	**53 169 645**	**1.11%**
Nominee Companies	57	17 718 003	0.37%
Companies	266	2 902 672 657	60.36%
Insurance Companies	13	100 599 329	2.09%
Pension and Benefit Funds	62	1 611 160 238	33.51%
Other	2 766	123 342 463	2.57%
Total Local Shareholders	**3 164**	**4 755 492 690**	**98.89%**
TOTAL	**3 295**	**4 808 662 335**	**100%**
2018			
Major Shareholder - non resident	1	35 398 500	0.75
Other - non resident	142	21 123 499	0.45
Total external shareholders	**143**	**56 521 999**	**1.20**
Nominee Companies	56	17 146 338	0.36
Companies	258	2 847 383 918	60.45
Insurance Companies	13	100 599 329	2.14
Pension and Benefit Funds	61	1 540 196 104	32.70
Other	2 743	148 393 365	3.15
Total Local Shareholders	**3 131**	**4 653 719 054**	**98.80**
TOTAL	**3 274**	**4 710 241 053**	**100.00**

Significant Shareholders

	Number of shares	% of Shares
ZIMBABWE ASSET MANAGEMENT CORPORATION LIMITED,	2 760 284 842	57.44
NATIONAL SOCIAL SECURITY AUTHORITY	1 491 505 021	31.02
STANBIC NOMINEES	91 931 380	1.91
OLD MUTUAL LIFE ASS CO ZIM LTD	55 676 501	1.16
ROY TURNER	37 433 567	0.78
ZSR INVESTMENTS (UK) LIMITED	33 398 500	0.69
J S MUTIZWA FAMILY TRUST	26 765 847	0.56
ZB LIFE ASSURANCE LIMITED	19 751 221	0.41
HOMEGUARD SERVICES (PVT) LTD,	16 884 824	0.35
MASAWI, ROSIAN TENDAI	15 819 985	0.33

SHAREHOLDER INFORMATION CONT'D

Name of Director	March 2019	
	Number of Shares	
	Direct	Indirect
J.S. Mutizwa	-	26 765 847
R. J. Mbire	-	-
R.V. Mutyiri	-	-
J.M. Chikura	-	-
K.M. Chipangura	-	-
S. Mahuni	-	-
A.J. Musemburi	-	-
B.L. Nkomo	-	-
V. Nyemba	-	-
M. Sibanda	-	-

PROXY FORM

I / We …….……………………….

(please print) being a member of Starafricacorporation Limited, hereby appoint the Chairman of the Company, or failing him, the chairman of the meeting, or failing him ……… …………………… of ……………………………………………………………………

as my/ our proxy to vote for me/us and on my/our behalf at the annual General meeting to be held at the registered office of Starafricacorporation Limited, stand number 49 Douglas Road, Workington, Harare on …………………………… at……………………………………and at any adjournment thereof.

Signed this …………………… ……………day of ……………………… ……………2019

Signature

Notes

In terms of section 129 of the Companies Act (Chapter 24.03) as amended any member entitled to attend and vote at the above - mentioned meeting is entitled to appoint a proxy, who need not be a member, to attend and speak and, on a poll, vote in his stead. Proxies must be lodged with the Secretary at the Company's registered office at least 48 hours before the meeting.