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AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Statement of Comprehensive Income For the year ended 30 September 2021	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
Revenue	3 953 721 111	2 469 319 281	3 376 708 926	860 858 433
Operating profit	618 909 191	1 132 519 437	1 119 588 420	421 560 359
Finance income	29 153	20 542	28 272	6 518
Finance cost	(104 269 709)	(32 235 147)	(84 129 253)	(12 859 646)
Monetary loss	(355 927 035)	(393 069 040)	-	-
Profit before income tax	158 741 600	707 235 791	1035 487 439	408 707 231
Income tax expense	(420 949 994)	69 720	(273 111 141)	(90 899 892)
(Loss)/profit for the year	(262 203 393)	707 305 511	762 376 299	317 807 339
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss)/income for the year	(262 203 393)	707 305 511	762 376 299	317,807,339
Weighted average number of ordinary shares in issue	33 389 000	33 281 500	33 389 000	33 281 500
Basic (loss)/earnings per share (cents)	(785.31)	2,125.22	2,283.32	954.91
Diluted (loss)/earnings per share (cents)	(771.45)	2,080.98	2,243.01	935.03
Headline (loss)/earnings per share(cents)	(790.64)	2,121.48	2,276.83	954.40

Statement of Financial Position As at 30 Sept 2021	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	138 277 570	157 161 478	3 183 826	3 763 551
Deferred tax asset	-	-	43 203 784	4 307 067
Total non current assets	138 277 570	157 161 478	46 387 610	8 070 618
Current assets				
Inventories	1 509 362 481	1 790 399 563	929 934 974	354 113 375
Trade and other receivables	380 238 427	175 925 446	378 780 378	114 954 976
Cash and cash equivalents	237 542 707	260 729 668	237 542 707	172 043 312
	2 127 143 615	2 227 054 677	1 546 258 058	641 111 663
Total assets	2 265 421 184	2 384 216 155	1 592 645 669	649 182 279
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the parent				
Share capital	17 266	17 263	334	333
Share premium	33 602 585	19 931 499	7 848 820	1 291 321
Share option reserve	60 948 000	43 714 706	60 948 000	21 002 626
Retained earnings	1 625 296 963	1 887 505 295	1 135 018 348	372 642 050
Total equity	1 719 864 753	1 951 168 764	1 203 815 502	394 936 330
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	156 726 265	47 784 132	-	-
Current liabilities				
Trade and other payables	123 733 340	97 312 155	123 733 340	64 211 739
Provisions for other liabilities and charges	69 514 858	70 968 017	69 514 858	46 828 474
Current income tax liability	65 573 942	81 225 826	65 573 942	53 625 874
Borrowings	130 008 026	135 757 261	130 008 026	89 579 862
	388 830 166	385 263 259	388 830 166	254 245 949
Total liabilities	545 556 431	433 047 391	388 830 166	254 245 949
Total equity and liabilities	2 265 421 184	2 384 216 155	1 592 645 669	649 182 279

Statement of Cash Flows As at 30 Sept 2021	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
Profit before income tax	158 741 600	707 235 791	1 035 487 439	408 707 231
Adjustments for:				
Depreciation	18 883 314	20 268 044	579 725	561 805
Net loss on net monetary assets	381 422 208	393 069 040	-	-
(Profit)/loss on disposal of property, plant and equipment	(2 361 460)	(1 677 196)	(2 164 258)	(226 004)
Non-cash employee benefit-share based payment charge	56 383 258	61 532 629	46 475 999	21 525 000
Finance income	(29 153)	(20 542)	(28 272)	(6 518)
Finance cost	104 269 709	32 235 147	84 129 253	12 859 646
Provision for slow moving and obsolete inventories	(7 123 972)	567 740	2 330 822	135 328
Increase in allowance for impairment of trade receivables	6 425 312	1 209 963	8 121 917	3 092 411
Working capital changes:				
Decrease (increase) in inventories	288 161 053	(697 429 767)	(578 152 420)	(313 168 069)
Increase in trade and other receivables	(204 312 981)	(35 248 174)	(271 947 319)	(106 331 429)
Increase in trade and other payables	26 421 186	5 940 448	59 521 600	56 272 130
(Increase)/decrease in provision for other liabilities and charges	(1 453 158)	38 496 793	22 686 384	44 006 936
Net cash generated from operations	799 931 742	526 179 917	407 040 869	127 428 467
Finance income	29 153	20 542	28 272	6 518
Finance cost	(104 269 709)	(32 235 147)	(84 129 253)	(12 859 646)
Income tax paid	(338 972 509)	(93 795 122)	(300 059 790)	(43 843 609)
Net cash generated from operating activities	356 718 678	400 170 190	22 880 099	70 731 730
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	-	(312 448)	-	(206 170)
Proceeds from the sale of property, plant and equipment	2 421 944	1 677 196	2 164 258	226 004
Net cash generated from investing activities	2 421 944	1 364 747	2 164 258	19 834
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	(5 749 235)	182 048 199	40 428 164	86 728 973
Proceeds from issuance of shares - share options	37 830	209 566	26 875	34 375
Net cash generated (utilised in)/generated from financing activities	(5 711 406)	182 257 765	40 455 039	86 763 348
Increase in cash and cash equivalents	353 429 215	583 792 702	65 499 396	157 514 912
Cash and cash equivalents at the beginning of the year	260 729 667	167 197 778	172 043 310	14 528 401
Effects of IAS29 on cash and cash equivalents	(376 616 172)	(490 260 813)	-	-
Cash and cash equivalents at the end of the year	237 542 707	260 729 668	237 542 707	172 043 313

Statement of Changes in Equity - Inflation Adjusted As at 30 Sept 2021	Share capital ZWL	Share premium ZWL	Share option reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 October 2019	17 263	16 301 216	12 495 074	1 180 199 783	1 209 013 336
Total comprehensive income for the year	-	-	-	707 305 511	707 305 511
Profit for the year	-	-	-	707 305 511	707 305 511
Restatement of owners equity	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners in their capacity as owners					
Issue of shares	-	209 566	-	-	209 566
Share options	-	3 420 717	31 219 632	-	34 640 349
Balance at 30 September 2020	17 263	19 931 499	43 714 706	1 887 505 294	1 951 168 762
Balance at 1 October 2020	17 263	19 931 499	43 714 706	1 887 505 294	1 951 168 763
Total comprehensive (loss) for the year	-	-	-	(262 208 393)	(262 208 393)
Loss for the year	-	-	-	(262 208 393)	(262 208 393)
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners in their capacity as owners					
Issue of shares	-	37 830	-	-	37 830
Exerised shares	2	13 633 256	(13 633 258)	-	-
Share options	-	-	30 866 551	-	30 866 551
Balance at 30 September 2021	17 265	33 602 585	60 948 000	1 625 296 903	1 719 864 752

STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2021-HISTORICAL	Share capital ZWL	Share premium ZWL	Share option reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 October 2019	331	332 323	402 251	54 834 714	55 569 619
Total comprehensive income for the year	-	-	-	317 807 339	317 807 339
Profit for the year	-	-	-	317 807 339	317 807 339
Transactions with owners in	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners:					
Issue of shares	-	34 375	-	-	34 375
Share options	2	924 623	20 600 375	-	21 525 000
Balance at 30 September 2020	333	1 291 321	21 002 626	372 642 053	394 936 330
Balance at 1 October 2020	333	1 291 321	21 002 626	372 642 053	394 936 330
Total comprehensive income for the year	-	-	-	762 376 299	762 376 299
Profit for the year	-	-	-	762 376 299	762 376 299
Other comprehensive income for the year	-	-	-	-	-
Transaction with owners:					
Issue of shares	-	26 875	-	-	26 875
Share options	-	-	46 476 000	-	46 476 000
Shares exercised	1	6 530 624	(6 530 625)	-	-
Balance at 30 September 2021	334	7 848 820	60 948 000	1 135 018 206	1 203 815 503



AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Notes to the Financial Statements
For the year ended 30 Sept 2021

1 General Information

CAFCA Limited (the "Company") manufactures and supplies cables for transmission and distribution of energy and information. It is a public limited liability company incorporated in Zimbabwe. The Company has its primary listing on the Zimbabwe Stock Exchange and secondary listing on the Johannesburg Stock Exchange.

2 Basis of preparation

The Company's annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) except for non compliance with International Accounting Standard ("IAS 21"), 'The Effect of Changes in Foreign Exchange Rate' and IAS 29 'Financial Reporting in Hyperinflationary Economies. The financial statements are presented in Zimbabwean Dollars (ZWL) and all values are rounded to the nearest dollar, except where otherwise indicated.

3 Going concern

The Company's management believes that despite Covid 19 the business will remain in operation for the foreseeable future. Management has assessed that the Company will continue operating as a going concern, citing the following:-

- The company has no exposure to foreign liabilities
- The company has stock cover of 3 months in finished goods
- The company has secured loans and overdraft facilities amounting to ZWL\$320 million
- Company operations classified as an essential service
- Critical raw material suppliers are still shipping/supplying
- Demand for cable has remained firm with sales volumes projected to increase to 2 700 from 2 600 tons in the ensuing way

4 Hyperinflation

Accounting Standard ("IAS") 29 'Financial reporting in Hyperinflationary economies' in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods ended on or after 1 July 2019 to apply requirements of IAS 29 'Financial reporting in Hyperinflationary economies'.

Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29 have been made in these financial statements to the historical cost financial information.

The sources of the price indices used were :
Zimbabwe Statistical Office

	Indices	Conversion factor
CPI as at 30 September 2021	3,342.02	1.000
CPI as at 30 September 2020	2,205.2	1.515
CPI as at 30 September 2019	290.4	11.509

5 Audit opinion

'The Company annual financial statements have been audited by PricewaterhouseCoopers (PwC) Chartered Accountants (Zimbabwe) who have issued an adverse opinion on the basis of non-compliance with IAS 21, 'Effects of changes in foreign exchange rates', and IAS 29 'Financial reporting in hyper-inflationary economies'.

The audit report has been made available to management and those charged with the governance of CAFCA Limited and is available for inspection at the Company registered office. The independent audit report includes a section on key audit matters. Key audit matters included expected credit losses allowance on trade receivables. The financial statements were audited by Tinashe Rwodzi, CA(Z), a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ") Public Practice Certificate Number 253568 and registered Public Auditor with the Public Accountants and Auditors Board, Public Auditor Certificate Number 100. The auditor's on the financial statements is available for inspection at the Company's registered office.

6 Related party transactions

	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
Reunert Engineering (Proprietary) Limited owns 50.46% of the company and the remaining 40.46% is widely held.				
Purchases of goods				
CBI Electric African Cables - A Division of ATC (Proprietary) Limited	21 798 284	27 060 178	16 097 348	13 458 438
Metal Fabricators of Zambia Plc (Zamefa)	94 427 699	33 220 021	73 029 734	17 952 879
	116 225 983	60 280 199	89 127 082	31 411 317
Sale of good				
CBI Electric Telcoms Cables (Proprietary) Limited	2 011 803	-	1 429 225	-
Key management remuneration: Key management includes directors (executive and non-executive) and executive managers (members of the executive committee)				
Salaries and short term benefits	211 775 760	111 326 612	88 894 491	46 012 246
Share options charge	56 383 258	61 532 629	46 475 999	21 525 000
Directors' emoluments: -Fees	7 410 436	6 724 107	6 209 989	2 220 017
	275 569 454	179 583 349	141 580 479	69 757 263

7 Segment information

Company has one product line, and operates in one industry sector.

Revenue is primarily from customers who are domiciled in Zimbabwe and revenue from external customers pertains mainly to customers domiciled in Zambia, Malawi and Mozambique.

Revenue is analysed as follows:

	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
Revenue from customers domiciled in Zimbabwe	3 547 555 119	2 177 489 367	3 030 837 119	747 389 936
Revenue from external customers	406 165 991	291 829 914	345 871 807	113 468 496
	3 953 721 111	2 469 319 281	3 376 708 926	860 858 432

7 Segment information (continued)

Revenues from transactions with single local customers that amounted to 10% or more of the Company's revenues equals approximately (inflation adjusted) \$542 102 024 (2020: \$260 017 091), and (historical) \$459 975 158 (2020: \$69 135 774)

These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the major component of the total revenue from three major customers of at least 10% is as follows:

	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
Retail Sector (2021) and 2020 comparative was in energy sector	542 102 024	260 017 091	69 135 774	12 283 081

The total of non current assets located in Zimbabwe is (inflation adjusted) \$138 277 570 (2020:\$157 161 478), (historical) \$3 183 826 (2020 \$3 763 551) and there are no non-urrent assets located in other countries.

The segment information provided to the executive team for the product reportable segments for the year ended 30 September are as follows:

	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
Revenue from customers	3 953 721 111	2 469 319 281	3 376 708 926	860 858 433
Profit before interest and taxation	618 909 191	1 132 519 437	1 119 588 420	421 560 359
Finance income	29 153	20 542	28 272	6 518
Finance cost	104 269 709	32 235 147	84 129 253	12 859 646
Income tax expense	420 949 994	(69 720)	273 111 141	90 899 892
Total assets	2 265 421 185	2 384 216 155	1 592 645 669	644 875 214
Liabilities	545 556 431	433 047 391	388 830 166	254 245 949

8. Capital commitments

The company had no significant capital commitments authorised by the directors or contracted for at the reporting period (2020: ZWL nil).

9. Property plant and equipment

	Inflation Adjusted		Historical Cost	
	30 Sept 2021 ZWL	30 Sept 2020 ZWL	30 Sept 2021 ZWL	30 Sept 2020 ZWL
Capital expenditure	-	312 448	-	206 170
Depreciation charge	18 883 314	20 268 044	579 725	561 805

Commentary and overview of results

Volumes

Volumes for the year ended 30 September 2021 at 2604 tons increased 49% on the previous year.

Local sales increased 57% on the back of a post COVID improvement in the economy whilst the export sales improved 16%.

Turnover

Turnover in historical cost terms improved by 292% of which 49% can be attributable to volume increases and the balance to sales mix, the increase in the price of copper and some to inflation.

Exports are translated at the auction exchange rate ruling at the time of invoicing.

Profitability

In historical terms profit before tax at 29% of turnover is well above our normal benchmark and mainly attributable to the impact of holding high manufactured stocks made at old prices.

Statement of Financial Position

In historical terms the balance sheet has grown during the year by \$656.3 million with \$566.4 million of the profit being reinvested back into stock.

Debtors are mainly US\$ denominated whilst we have no foreign liabilities.

We had a net cash position of ZWL\$108 million mainly due to having to hold cash to cover our foreign currency auction back log.

Despite detailed interrogation of the mechanics of applying the Standard and the indices used, the Inflation adjusted financial result has not been commented on as the profit is not consistent with both the historical cost profit extrapolation nor the profit obtained by calculating open and closing balance sheets in the US \$.

Dividend

Cash is being set aside to cater both for the auction system requirement and the impact that future hyperinflation may have on having to finance working capital.

Accordingly, the Directors have deemed it prudent not to recommend the declaration of a dividend at this time.

Outlook

We have budgeted for a modest increase in volumes in 2021/22 against a back ground of uncertainty in the foreign currency availability and pricing and the impact of increased competition in our regional markets.

By order of Board
11 November 2021

C Kangara
Company Secretary



Independent auditor's report

To the Shareholders of CAFCA Limited

Our adverse opinion

In our opinion, because of the significance of the matters discussed in the *Basis for adverse opinion* section of our report, the financial statements do not present fairly the financial position of CAFCA Limited (the "Company") as at 30 September 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

What we have audited

CAFCA Limited's financial statements set out on pages 10 to 30 comprise:

- the statement of financial position as at 30 September 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

An adverse opinion was issued on the financial statements as at 30 September 2020, and for the year then ended, due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign denominated transactions and balances as required by International Accounting Standard 21, 'The Effects of Changes in Foreign Exchange Rates' ("IAS 21"), and its consequential effects on the hyperinflationary adjustments made in terms of International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ("IAS 29").

Our opinion on the financial statements as at 30 September 2021, and for the year then ended, is modified because of the possible effects that these matters have on the comparability of the current period's figures to that of the comparative period.

The misstatements described in the paragraph above with respect to the application of IAS 21 affect the historical amounts which are used in the calculation of the inflation adjusted amounts. Had the underlying historical financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29 as at 30 September 2021, many elements in the accompanying financial statements as at 30 September 2021, and for the year then ended would have been materially restated. It was not practicable to quantify the financial effects of this matter on the financial statements as at 30 September 2021, and for the year then ended.

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 financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independence

We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the

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T I Rwdzi – Senior Partner

The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.



IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview

Overall materiality

- ZWL 7 937 080 which represents 5% of inflation adjusted profit before income tax.

Key audit matters

- Expected credit loss allowance on trade receivables.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	ZWL 7 937 080.
How we determined it	5% of inflation adjusted profit before income tax.
Rationale for the materiality benchmark applied	<p>We chose inflation adjusted profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and is a generally accepted benchmark.</p> <p>We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.</p>

Key audit matters

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

In addition to the matters described in the Basis for adverse opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit loss allowance on trade receivables</p> <p>As at 30 September 2021, the Company recognised net trade receivables of ZWL 130 764 836 after deducting an allowance for expected credit losses ("ECL") of ZWL 11 413 174.</p> <p>The Company applied the simplified approach under IFRS 9 - <i>Financial Instruments</i> ("IFRS 9") in the measurement of ECL on trade receivables. Under this approach, a credit loss allowance equal to the lifetime ECL is recognised at the reporting date.</p> <p>In determining the ECL on trade receivables, management applied a provision matrix where trade receivables are stratified into groups with similar risk characteristics. The ECL rates assigned to each group of trade receivables for determining the loss rate for each group, are based on historical credit loss rates which are adjusted to reflect any forward-looking information that could affect the ability of the customer to settle the outstanding amount. The following judgements were applied in determining ECL:</p> <ul style="list-style-type: none"> • Judgements in assessing the business model used to manage the trade receivables; • Management's assessment of the credit quality of the customers; • Assessing whether there is a significant increase in credit risk through assessing the performance of the receivables by applying the provision matrix; • Expected average Gross Domestic Product (GDP) growth rates, interest rates and exchange rates prevailing against the currencies in which the receivables are denominated were taken into account in developing the provision matrix; and • Expected inflation rates for the currencies in which the receivables are denominated in. <p>The ECL allowance on trade receivables was considered to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> • the significant judgements and 	<p><i>Our audit addressed the key audit matter as follows:</i></p> <p>Through discussions with management, we obtained an understanding of the Company's revenue and receivables business process in order to evaluate the appropriateness of management's assessment of the business model used to classify the Company's trade receivables into the IFRS 9 financial instruments categories. Based on our understanding obtained, we did not identify any aspects in this regard requiring further consideration.</p> <p>We assessed the classification of trade receivables against the requirements of IFRS 9 by testing whether the receivables are held in a business model to collect cash flows solely of payments of Principal and Interest ("SPPI") test. We inspected a sample of sales invoices to customers to evaluate whether there were any indicators that the contractual cash flows may not be SPPI based on our understanding of the relevant business processes of the Company. There were no significant exceptions noted.</p> <p>We considered the appropriateness of accounting policies applied by management and evaluated the impairment methodologies applied by the Company with reference to the requirements of IFRS 9. We noted no matters requiring further consideration.</p> <p>We obtained an understanding of the relevant controls applied in determining ECLs in relation to trade receivables and considered the following in testing the controls:</p> <ul style="list-style-type: none"> • the processes over credit management and approval for trade receivables; • the monitoring process of the trade receivables, including the monthly debtors' assessment meetings; and • the approval framework for write-offs of long overdue debts which the entity considers irrecoverable. <p>We obtained an understanding of the payment terms offered by the Company through inquiry with management and inspection of a sample of contracts with customers for contractual terms and noted that the credit terms were short term (mostly 60 days). Based on the results of our assessments, we accepted management's use</p>

estimates applied by management in determining the ECL; and

- the effect that the ECL has on the measurement of trade receivables and on the Company's credit risk disclosures.

Further detail is provided in the following notes to the financial statements:

- Note 2.9, Summary of significant accounting policies - Trade and other receivables;
- Note 3.1 (b), Financial risk management - Credit risk;
- Note 4 (e), Critical accounting estimates and judgements - Impairment of trade receivables and financial assets; and
- Note 9, Trade and other receivables.

of the simplified approach in the measurement of ECL over lifetime expected credit losses, as the receivables do not contain a significant financing component which is in line with the provisions of IFRS 9.

We evaluated the reasonableness of the ECL allowance recognised by performing the following procedures:

- We performed a report validation test to assess whether the system was correctly calculating the number of days outstanding, as this is the key driver in identifying the grouping of receivables. No significant exceptions were noted;
- We assessed the reasonableness of the grouping of trade receivables based on our understanding of the Company's business in relation to trade receivables and the drivers of credit risk. Based on our work performed, we did not note any other aspects in this regard requiring further consideration;
- We evaluated the reasonableness of historical balances and credit loss rates used by management in their calculation by agreeing the total historical balances to prior year working papers on a total basis for each of the trade receivable groupings. Based on our work performed, we accepted the historical balances and credit loss rates used by management;
- We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts. Based on our evaluation, we accepted the adjustment applied;
- We recomputed the ECL to test the mathematical accuracy of management's expected credit loss calculation. No material exceptions were noted; and
- We tested for subsequent receipts of receivable amounts post year end, and noted that 42% of the debtors had paid in full and the remaining 58% of the debtors are within 60 days. The analysis is consistent with the contractual terms of the Company's debtors with credit facilities which extends up to 60 days. Amount was concluded reasonable based on our procedures performed.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “CAFCA Limited Financial Statements for the year ended 30 September 2021”. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements contain material misstatements with respect to the application of IAS 21 in prior years and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes 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 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 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 Company’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 Company’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 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 Company to cease to continue as a going concern.

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

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Tinashe I Rwodzi
Registered Public Auditor
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 100
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253568

19 November 2021

Harare
Zimbabwe