



starafricacorporation
Power of Partnerships limited

Abridged Financial Results

For the year ended 31 March 2022



OPERATIONS OVERVIEW

	Year Ended 31 March 2022	Year Ended 31 March 2021	Percentage Change
Sales Volumes – Goldstar Sugars (tonnes)	82,500	60,388	↑ 37%
Sales Volumes – Country Choice Foods (tonnes)	1,879	1,432	↑ 31%

FINANCIAL RESULTS OVERVIEW

	Inflation Adjusted	Historical Cost (Unaudited)
Turnover	↑ 50%	↑ 166%
Operating profit	↑ 255%	↑ 202%
Profit before income tax	↑ 401%	↑ 199%
Net Assets	↑ 42%	↑ 155%

CHAIRMAN'S STATEMENT

OVERVIEW

I take pleasure in presenting the financial results for the year ended 31 March 2022. They indicate a sound performance amidst a harsh operating environment, which prevailed throughout the year.

The year under review registered significant growth in economic activity within the country, as businesses gradually recovered from the adverse effects of the COVID-19 pandemic that dominated the 2020/21 financial year. Inflationary pressure increased in the second half of the year. In addition, the global economic shock caused by the conflict between Russia and Ukraine caused grain and oil prices to rise towards the end of the financial year under review.

Capacity utilisation within the manufacturing sector increased to 57% in the 2021 calendar year, up from the prior year's 47%, according to the Confederation of Zimbabwe Industries ("CZI") Manufacturing Sector Survey. The Reserve Bank of Zimbabwe's Foreign Currency Auction Trading System (the "Auction") helped industry to secure manufacturing inputs and retool. In May 2021, Statutory Instrument 127 was promulgated, imposing civil penalties on businesses that grant discounts to consumers paying in foreign currencies. This caused some businesses to effect significant increases in the prices of consumer goods.

GROUP RESULTS

The Company's financial results have been inflation adjusted in compliance with the requirements of International Accounting Standard ("IAS") 29 - Financial Reporting in Hyperinflationary Economies. The historical financial information has been disclosed as supplementary information. Goldstar Sugars sales volumes grew from 60,388 tonnes recorded in the 2021 financial year to 82,500 tonnes in the year under review. This drove a 50% increase in the Company's turnover during the period under review, from ZWL8.78 billion to ZWL13.16 billion. The Group's operating profit grew by 255%, from prior year's ZWL479.61 million to ZWL1.70 billion.

The improved financial performance for the year allowed the Company to substantially settle the legacy liabilities, which were significant in the prior year. The reduction in debt levels resulted in notable savings in interest costs and foreign exchange losses. The finance cost reduced significantly, from ZWL104.28 million incurred in prior year to ZWL1.45 million. Exchange losses, which were being incurred on foreign currency-denominated liabilities, did not recur during the year under review as the business settled foreign obligations in the 2021 financial year. Consequently, the Company recorded a ZWL45.92 million exchange gain in the current year, mainly emanating from foreign currency-denominated cash and bank balances. This is a marked improvement from the ZWL347.56 million exchange loss that was recorded in the 2021 financial year.

In historical terms, total turnover increased by 166%, from prior year's ZWL3.83 billion to ZWL10.18 billion, while operating profit increased by 202%, from ZWL563.29 million to ZWL1.70 billion.

OPERATIONS

Goldstar Sugars ("GSS")

The business unit recorded a 38% increase in production volumes, from 59,571 tonnes achieved in 2021 to 82,399 tonnes in the year under review. This was primarily due to capital investments made and a rigorous equipment maintenance regime. The latter was introduced during the year under review and has reduced the refinery's downtime. Demand for granulated sugar remained high in the market resulting in an increase in sales volumes by 37%.

Electricity supply improved slightly, compared to last year, but remained unstable, mainly due to electrical faults. Operational challenges faced by the Harare City Council adversely impacted the effective reticulation of water to the plant. This resulted in a higher volume of water being sourced from private suppliers.

The plant continues to be certified by The Coca Cola Company ("TCCC"). It also has Food Safety Certification under the Food Safety System Certification (FSSC) 22000 series. The certifications enable the Company to supply products to TCCC franchisees in the Southern Africa region and beyond.

Country Choice Foods ("CCF")

The commissioning of syrup filling and icing packing machines during the period under review contributed to an increase in the production volumes of this business unit. A 29% increase in production of sugar specialties was recorded from the 1,488 tonnes recorded in 2021 to 1,920 tonnes achieved in the year under review.

During the year under review, CCF expanded its portfolio by launching several new products into the market. These comprised chocolate icing, lemon icing and mint icing, raisins, cocoa powder, caramel coated popcorn, as well as bun and bread premixes.

Properties Business

The property business unit recorded a 55% increase in rental income, from prior year's ZWL35.80 million to ZWL55.43 million in the period under review due to the increase in occupancy levels. Economic activity rebounded, following the lifting of restrictive measures that were adopted in response to the outbreak of COVID-19. This resulted in higher occupancy rates and improved the ability of tenants to settle their lease obligations.

Tongaat Hulett Botswana

This associate recorded a profit for the year of ZWL162.92 million, of which the Company's share was ZWL54.31 million after converting the earnings into ZWL at the auction rate.

SCHEME OF ARRANGEMENT (THE "SCHEME")

The Scheme expired on 3 February 2022. Out of the total liabilities that were originally under the Scheme, ZWL759,002 remains unpaid, as the business cannot locate the creditors. Efforts to trace their whereabouts continue.

Following the Scheme's expiration, creditors' rights to potentially convert the debts into equity have ceased to be enforceable.

DIRECTORATE

During the year under review, the Board accepted the resignations listed below:

- Mr. J. S. Mutizwa, effective 22 July 2021;
- Mr. B. L. Nkomo and Mr. S. Mahuni, effective 31 July 2021; and
- Mrs. V. Nyemba and Mr. J. Chikura, effective 30 September 2021.

The following Board appointments were made during the same period:

- Mr. M. E. Chiremba, effective 15 March 2022;
- Ms. R. Magundani, effective 3 November 2021; and
- Mr. G. T. Nyamayi, 6 December 2021.

Separately, Mr. R. Mutyiri resigned as a Director and Chief Executive Officer, effective 31 January 2022. Mr. R. Nyabadza was appointed as a Director and Chief Executive Officer with effect from 1 February 2022. Mr. F. M. Myambuki was appointed as Finance Director, effective 1 February 2022.

In terms of Article 107 of the Articles of Association, Messrs G. T. Nyamayi and M. E. Chiremba, as well as Ms. R. Magundani will retire at the next Annual General Meeting and, being eligible, offer themselves for re-election. In terms of Article 100, Messrs M. Sibanda and C. Matorera retire by rotation and, being eligible, offer themselves for re-election.

DIVIDEND

Considering the Company's focus on refurbishing and replacing critical items of plant and machinery, the Board has taken a decision not to declare a dividend for the year ended 31 March 2022.

OUTLOOK

While the COVID-19 situation is currently stable in Zimbabwe, the Board remains alert and vigilant with regards to potential future disruptions associated with the pandemic.

The Company will continue with its focus on retooling the business, with a view towards increasing productivity across its strategic business units.

CONCLUSION

I wish to thank the Company's employees and management, whose efforts have yielded this sound financial performance, despite the difficult economic environment. I would also like to thank my fellow Board Members, customers, suppliers and shareholders for their unwavering support over the years.

R. J. MBIRE (PhD)
CHAIRMAN
20 SEPTEMBER 2022

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2022

	INFLATION ADJUSTED				HISTORICAL		
	Audited			Notes	Unaudited		
	2022 ZWL	2021 (Restated*) ZWL	1 April 2020 (Restated*) ZWL		2022 ZWL	2021 (Restated*) ZWL	1 April 2020 (Restated*) ZWL
ASSETS							
Non-current assets							
Property plant and equipment	2 086 343 907	1 469 750 007	1 889 253 484	4	1 629 165 738	588 211 803	252 592 746
Investment property	1 219 480 000	832 839 818	925 117 171	5	1 219 480 000	482 260 000	157 302 017
Investment in an associate	194 384 501	289 944 615	292 831 341		194 384 501	167 893 858	49 791 488
	3 500 208 408	2 592 534 440	3 107 201 996		3 043 030 239	1 238 365 661	459 686 251
Current assets							
Inventories	620 629 259	547 179 705	711 437 552		616 542 405	306 258 159	112 503 613
Trade and other receivables	428 203 843	375 156 174	436 004 996		428 203 844	217 236 031	74 135 957
Prepayments	550 590 907	113 154 803	197 746 394		519 791 075	60 801 135	24 935 786
Cash and cash equivalents	414 994 374	399 996 984	287 667 489		414 994 374	231 620 225	48 913 454
	2 014 418 383	1 435 487 666	1 632 856 431		1 979 531 698	815 915 550	260 488 810
	5 514 626 791	4 028 022 106	4 740 058 427		5 022 561 937	2 054 281 211	720 175 061
Total assets							
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Issued capital	21 956 713	21 956 713	21 956 713		480 866	480 866	480 866
Share premium	2 637 434 355	2 637 434 355	2 637 434 355		57 761 526	57 761 526	57 761 526
Non-distributable reserves	574 222 036	269 839 418	-		1 362 593 169	761 638 552	250 086 069
Equity component of compound financial instruments	-	4 756 196	296 633 088		-	99 792	21 567 944
Retained earnings / (accumulated losses)	164 115 827	(568 990 177)	(853 451 934)		1 804 369 301	425 694 555	(33 771 069)
	3 397 728 931	2 364 996 505	2 102 572 222		3 225 204 862	1 245 675 291	296 125 336
Non-controlling interest	349 989 545	281 032 984	191 950 061		165 047 849	83 235 679	24 884 346
Total equity	3 747 718 476	2 646 029 489	2 294 522 283		3 390 252 711	1 328 910 970	321 009 682
Non-current liabilities							
Loans and borrowings	-	-	648 887 454		-	-	110 333 381
Deferred tax liability	507 546 916	475 299 478	461 259 018		372 947 828	200 345 111	61 769 421
	507 546 916	475 299 478	1 110 146 472		372 947 828	200 345 111	172 102 802
Current liabilities							
Payables and provisions	1 064 796 995	873 491 042	871 189 636		1 064 796 994	505 799 292	148 132 465
Short-term borrowings	759 002	2 318 091	329 953 776	6	759 002	1 342 302	56 103 590
Income tax payable	193 805 402	30 884 006	134 246 260		193 805 402	17 883 536	22 826 522
	1 259 361 399	906 693 139	1 335 389 672		1 259 361 398	525 025 130	227 062 577
	1 766 908 315	1 381 992 617	2 445 536 144		1 632 309 226	725 370 241	399 165 379
Total liabilities	5 514 626 791	4 028 022 106	4 740 058 427		5 022 561 937	2 054 281 211	720 175 061

* Further information on the restatements made, pursuant to correction of prior period errors, is included in note 9.

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 31 March 2022

	INFLATION ADJUSTED			HISTORICAL	
	Audited		Notes	Unaudited	
	2022 ZWL	2021 (Restated*) ZWL		2022 ZWL	2021 (Restated*) ZWL
Revenue from contracts with customers	13 108 451 683	8 739 335 535		10 136 745 197	3 816 672 454
Rental income	55 433 575	35 797 804		44 203 429	16 225 204
Total turnover	13 163 885 258	8 775 133 339		10 180 948 626	3 832 897 658
Cost of sales	(10 223 681 997)	(7 117 352 684)		(7 937 172 411)	(3 151 429 633)
Gross profit	2 940 203 261	1 657 780 655		2 243 776 215	681 468 025
Other income	42 637 478	388 289 030	5	32 655 249	197 015 934
Fair value gain/(loss) on investment property	386 640 183	(92 277 351)		737 220 000	324 957 984
Selling and distribution expenses	(180 539 285)	(98 271 874)		(145 244 401)	(47 606 170)
Administrative expenses	(1 519 282 275)	(847 392 726)		(1 196 894 174)	(368 339 199)
Expected credit loss	(10 867 367)	5 319 139		(15 519 739)	(3 616 139)
Impairment loss	(983 149)	(107 912 478)		(21 532)	(19 984 609)
Revaluation loss of property, plant and equipment	-	(78 365 304)		-	-
Exchange gain/(loss)	45 922 737	(347 559 880)		45 376 864	(200 605 081)
Operating profit	1 703 731 583	479 609 211		1 701 348 482	563 290 745
Finance cost	(1 445 566)	(104 279 910)		(881 632)	(45 217 636)
Finance income	370 930	304 948		278 238	148 314
Loss on net monetary position	(687 028 660)	(282 003 572)	1.2	-	-
Share of profit of an associate	54 305 050	120 061 352		54 305 050	69 522 118
Profit before income tax	1 069 933 337	213 692 029		1 755 050 138	587 743 541
Income tax expense	(272 626 969)	(132 024 240)	2	(304 170 173)	(90 752 774)
Profit for the year	797 306 368	81 667 789		1 450 879 965	496 990 767
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating foreign operations	76 314 887	269 839 417		76 314 887	156 251 845
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:	76 314 887	269 839 417		76 314 887	156 251 845
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of property, plant and equipment	302 959 261	-		708 891 678	509 385 598
Impairment of previously revalued assets	-	-		-	(37 413 443)
Income tax relating to components of other comprehensive income	(74 891 529)	-		(174 744 788)	(116 671 517)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:	228 067 732	-		534 146 890	355 300 638
Other comprehensive income for the year, net of tax	304 382 618	269 839 417		610 461 777	511 552 483
Total comprehensive income	1 101 688 986	351 507 206		2 061 341 742	1 008 543 250
Profit attributable to					
Non-controlling interests	68 956 559	89 082 923		81 812 170	58 351 333
Equity holders of the parent	728 349 809	(7 415 134)		1 369 067 794	438 639 434
	797 306 368	81 667 789		1 450 879 964	496 990 767
Total comprehensive income attributable to:					
Non-controlling interests	68 956 559	89 082 923		81 812 170	58 351 333
Equity holders of the parent	1 032 732 427	262 424 283		1 979 529 571	950 191 917
	1 101 688 986	351 507 206		2 061 341 741	1 008 543 250
Earnings per share					
Basic (cents)	15.15	(0.15)	3.1	28.47	9.12
Diluted (cents)	15.15	(0.15)	3.2	28.47	9.12
Headline (cents)	8.37	4.66	3.3	16.22	6.54

* Further information on the restatements made, pursuant to correction of prior period errors, is included in note 9.



ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2022

INFLATION ADJUSTED (AUDITED)									
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
Notes	Issued capital ZWL	Share premium ZWL	Non -distributable reserve ZWL	Equity component of compound financial instruments ZWL	Retained losses ZWL	Total ZWL	Non-controlling interests ZWL	Total equity ZWL	
Balance as at 31 March 2020		21 956 713	2 637 434 355	-	296 633 088	(768 682 981)	2 187 341 175	107 181 108	2 294 522 283
Adjustment for Safariland prior period error	9.6	-	-	-	-	[84 768 953]	[84 768 953]	84 768 953	-
Balance as at 1 April 2020 (Restated*)		21 956 713	2 637 434 355	-	296 633 088	(853 451 934)	2 102 572 222	191 950 061	2 294 522 283
Settlement of compound financial instruments		-	-	-	(42 566 093)	42 566 093	-	-	-
Profit for the year (restated)		-	-	-	-	[7 415 134]	[7 415 134]	89 082 923	81 667 789
Profit for the year (as previously presented)		-	-	-	-	182 965 517	182 965 517	6 417 345	189 382 862
Adjustment for impairment of previously revalued assets	9.1	-	-	-	-	(48 721 672)	(48 721 672)	-	(48 721 672)
Adjustment for revaluation loss of property, plant and equipment	9.1	-	-	-	-	(58 993 401)	(58 993 401)	-	(58 993 401)
Adjustment for Safariland prior period error	9.6	-	-	-	-	(82 665 578)	(82 665 578)	82 665 578	-
Other comprehensive income (restated)		-	-	269 839 417	(249 310 799)	249 310 799	269 839 417	-	269 839 417
Other comprehensive income (as previously presented)		-	-	162 124 344	(249 310 799)	249 310 799	162 124 344	-	162 124 344
Adjustment for impairment of previously revalued assets	9.1	-	-	48 721 672	-	-	48 721 672	-	48 721 672
Adjustment for revaluation loss of property, plant and equipment	9.1	-	-	58 993 401	-	-	58 993 401	-	58 993 401
Total comprehensive income (restated)		-	-	269 839 418	(249 310 799)	241 895 665	262 424 283	89 082 923	351 507 206
Balance as at 31 March 2021 (Restated*)		21 956 713	2 637 434 355	269 839 418	4 756 196	(568 990 177)	2 364 996 505	281 032 984	2 646 029 489
Total comprehensive income		-	-	304 382 619	-	728 349 809	1 032 732 428	68 956 559	1 101 688 987
Profit for the year		-	-	-	-	728 349 809	728 349 809	68 956 559	797 306 368
Other comprehensive income		-	-	304 382 619	-	-	304 382 619	-	304 382 619
Derecognition of equity component of compound financial instrument		-	-	-	(4 756 196)	4 756 196	-	-	-
Balance as at 31 March 2022		21 956 713	2 637 434 355	574 222 036	-	164 115 827	3 397 728 931	349 989 545	3 747 718 476

HISTORICAL (UNAUDITED)									
Balance as at 31 March 2020		480 866	57 761 526	250 086 069	21 567 944	(9 357 406)	310 538 999	10 470 683	321 009 682
Adjustment for Safariland prior period error	9.6	-	-	-	-	(14 413 663)	(14 413 663)	14 413 663	-
Balance as at 1 April 2020 (Restated*)		480 866	57 761 526	250 086 069	21 567 944	(33 771 069)	296 125 336	24 884 346	321 009 682
Settlement of compound financial instruments		-	-	-	(1 364 668)	722 705	(641 963)	-	(641 963)
Total comprehensive income		-	-	511 552 483	(20 103 484)	458 742 918	950 191 917	58 351 333	1 008 543 250
Profit for the year		-	-	-	-	470 844 998	470 844 998	26 145 769	496 990 767
Adjustment for Safariland prior period error	9.6	-	-	-	-	(2 205 564)	(32 205 564)	32 205 564	-
Other comprehensive income		-	-	511 552 483	(20 103 484)	20 103 484	511 552 483	-	511 552 483
Balance as at 31 March 2021 (Restated*)		480 866	57 761 526	761 638 552	99 792	425 694 554	1 245 675 291	83 235 679	1 328 910 970
Total comprehensive income		-	-	610 461 777	-	1 369 067 794	1 979 529 571	81 812 170	2 061 341 741
Profit for the year		-	-	-	-	1 369 067 794	1 369 067 794	81 812 170	1 450 879 964
Other comprehensive income		-	-	610 461 777	-	-	610 461 777	-	610 461 777
Reclassification of foreign currency reserves		-	-	(9 507 160)	-	9 507 160	-	-	-
Derecognition of equity component of compound financial instrument		-	-	-	(99 792)	99 792	-	-	-
Balance as at 31 March 2022		480 866	57 761 526	1 362 593 169	-	1 804 369 301	3 225 204 862	165 047 849	3 390 252 711

* Further information on the restatements made pursuant to correction of prior period errors is included in note 9.

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

	INFLATION ADJUSTED			HISTORICAL	
	Audited			Unaudited	
	2022	2021 (Restated*)		2022	2021 (Restated*)
	ZWL	ZWL		ZWL	ZWL
Cash flows from operating activities					
Cash used in operations	989 209 055	799 175 002	512 983 331	66 996 190	
Finance cost paid	(1 343 665)	(885 115)	(810 481)	(177 050)	
Income tax paid	(160 944 399)	(155 317 511)	(130 390 378)	(73 791 592)	
Net cash flows generated from/(used in) operating activities	826 920 991	642 972 376	381 782 472	(6 972 452)	
Cash flows from investing activities					
Acquisition of property, plant and equipment-continuing operations	(408 827 141)	(82 740 148)	(352 577 256)	(33 495 141)	
Proceeds on disposal of property, plant and equipment	268 527	3 255 671	236 944	1 874 089	
Finance income received	370 930	304 948	278 238	148 314	
Dividends received from associate	151 112 673	227 272 311	104 129 293	107 671 592	
Net cash flows (used in)/generated from investing activities	(257 075 011)	148 092 782	(247 932 781)	76 198 854	
Cash flows from financing activities					
Loans paid	(1 112 572)	(34 089 113)	(654 451)	(63 971 488)	
Net cash flows used in financing activities	(1 112 572)	(134 089 113)	(654 451)	(63 971 488)	
Net increase in cash and cash equivalents	568 733 408	656 976 045	133 195 241	5 254 914	
Net foreign exchange difference	(553 736 018)	(544 646 550)	50 178 908	177 451 857	
Cash and cash equivalents at 1 April	399 996 984	287 667 489	231 620 225	48 913 454	
Cash and cash equivalents at 31 March	414 994 374	399 996 984	414 994 374	231 620 225	

* Further information on the restatements made, pursuant to correction of prior period errors, is included in note 9.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
for the year ended 31 March 2022

1. BASIS OF PREPARATION

These abridged consolidated financial results were extracted from the full set of the inflation adjusted consolidated financial statements of StarAfrica Corporation Limited (the “Company”) and its subsidiaries (together the “Group”) which were prepared in accordance with International Financial Reporting Standards (“IFRS”). The Group's functional and presentation currency for operations in Zimbabwe is the Zimbabwean Dollar (ZWL) rounded off to the nearest dollar. The Monetary Authorities introduced the ZWL as the transactional and functional currency on 22 February 2019.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

1.1 Functional Currency

(a) Legacy currency issues

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 (now “ZWL”) and directed that all assets and liabilities that were in United States of America 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 ZWL 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 IAS21 “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 Group however adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February at an interbank midrate of US\$1: ZWL \$2.5 in order to comply with Statutory Instrument 33. The interbank midrate was adopted as it was the only legal source of exchange rates which however, did not represent the fair value of the currencies. The Company and Group therefore did not conform to the requirements of IAS 21.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (“IFRS”) which comprise standards issued by the International Accounting Standards Board (“IASB”) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (“IFRIC”). Compliance with IFRS is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with IAS 21 - The Effects of Changes in Foreign Exchange Rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2019, 2020, 2021 and 2022 financial statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

(b) Determination of functional currency.

The Group is operating in an environment which has witnessed significant monetary and exchange control policy changes. On the 17th of June 2020, Reserve Bank of Zimbabwe (“RBZ”) Exchange Control Directive RV175/2020 was issued on the introduction of a Foreign Exchange Auction System. Foreign exchange auction trading system was operationalised with effect from 23 June 2020 and foreign currency trading was conducted through the Foreign Exchange Auction Trading System (Auction) through a bidding system. On the 24th of July 2020, Statutory Instrument 85 of 2020 was promulgated which amended the exclusive use of Zimbabwe Dollar for domestic transactions rules by allowing dual pricing, displaying, quoting and offering of prices for domestic goods and services. The statutory instrument also permitted any person who provides goods or services in Zimbabwe to display, quote or offer the price for such goods or services in both Zimbabwe dollar and foreign currency at the ruling exchange rate.

Considering the developments summarised above and guidance from IAS 21, the Directors concluded that the Group's functional currency remains the Zimbabwe dollar as presented in the prior and current year financial statements and all values are rounded to the nearest ZWL except when otherwise indicated.

(c) Statement of Compliance

Because of the items detailed in the above currency paragraph, the inflation adjusted consolidated financial statements from which these abridged consolidated financial statements were extracted have not been prepared in conformity with the IFRS specifically IAS 21, promulgated by IASB. As such the Group has not complied with the Companies And Other Business Entities Act (Chapter 24:31) as it requires the financial statements to be prepared in the manner required by IFRS.



NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

1.2 Hyperinflation

These financial statements have been prepared under the inflation adjusted accounting basis in line with the provisions of International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies. The Public Accountants and Auditors Board (PAAB) pronounced on 11 October 2019 that the Zimbabwean economy was trading under hyperinflationary conditions. The Directors have applied the guidelines provided by the PAAB and accounting bodies and applied the hyperinflation accounting principles.

Inflation adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office.

The conversion factors used to restate the financial statements are as follows:

Month	All Items CPI Indices	Conversion Factors
March 2022	4,766.10	1.0000
September 2021	3,342.02	1.4261
March 2021	2,759.83	1.7270
September 2020	2,205.24	2.1613
March 2020	810.40	5.8812

The carrying amounts of non-monetary assets and liabilities carried at historical cost have been restated to reflect the change in the general price index as if they had been hyperinflationary from 1 April 2021. No adjustment has been made for those non-monetary assets and liabilities measured at fair value. Impairment is recognised in the profit or loss if the measured amount of a non-monetary asset exceeds the recoverable amount.

All items recognised in the statement of profit or loss and other comprehensive income are restated by applying the average monthly general price index when the items of income and expenses were initially earned or incurred

Gains or losses on the net monetary position have been recognised as part of profit before income tax in the statement of profit or loss and other comprehensive income. All amounts in the statement of cash flows were segregated into the respective months in which the cash flows actually occurred and the applicable monthly factor used to hyper-inflate the amount. Gain or losses on cash flows were included in non-cash items.

The historical cost information has been shown as supplementary information for the benefit of user. These are not required in terms of IAS 29 - Financial Reporting in Hyperinflationary Economies. The auditors have not expressed an opinion on the historical cost information.

2 INCOME TAX

	INFLATION ADJUSTED		HISTORICAL	
	Audited		Unaudited	
	GROUP		GROUP	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Income Tax				
Current year	285 486 386	32 264 599	285 486 386	39 164 632
Tax on foreign dividends	29 784 676	45 454 462	20 825 858	21 534 318
Capital gains tax	-	16 875 608	-	8 149 650
Deferred tax	(42 644 093)	37 429 572	(2 142 071)	21 904 174
	272 626 969	132 024 241	304 170 173	90 752 774

3 EARNINGS PER SHARE

The Secondary Scheme of arrangement that provided an option for creditors to converttheir debt into shares expired on 28 February 2022 resulting in no potentially dilutive ordinary shares as at 31 March 2022.

	INFLATION ADJUSTED		HISTORICAL	
	Audited		Unaudited	
	GROUP		GROUP	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Net profit attributable to equity holders of the parent	728 349 809	(7 415 135)	1 369 067 794	438 639 434
	Number of shares		Number of shares	
Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share	4 808 662 335	4 808 662 335	4 808 662 335	4 808 662 335

3.1 Basic earnings per share

Profit attributable to equity holders of the parent	728 349 809	(7 415 135)	1 369 067 794	438 639 434
Weighted average number of ordinary shares in issue	4 808 662 335	4 808 662 335	4 808 662 335	4 808 662 335
Earnings per share (cents)	15.15	(0.15)	28.47	9.12

3.2 Diluted earnings per share

Profit attributable to equity holders of the parent	728 349 809	(7 415 135)	1 369 067 794	438 639 434
Weighted average number of ordinary shares adjusted for the effect of dilution	4 808 662 335	4 808 662 335	4 808 662 335	4 808 662 335
Earnings per share (cents)	15.15	(0.15)	28.47	9.12

3.3 Headline earnings per share

Headline earnings	402 622 137	223 851 078	779 752 893	314 523 918
Weighted average number of ordinary shares in issue	4 808 662 335	4 808 662 335	4 808 662 335	4 808 662 33
Headline earnings per share (cents)	8.37	4.66	16.22	6.54

3.4 Reconciliation of earnings used in calculating headline earnings per share

Profit Attributable to equity holders of the group	728 349 809	(7 415 135)	1 369 067 794	438 639 434
Adjusted for:				
Insurance proceeds	-	(73 283 825)	-	(38 691 325)
Fair value gain on investment properties	(386 640 183)	92 277 351	(737 220 000)	(324 957 984)
Profit on sale of property, plant and equipment	(125 273)	(59 345 365)	(233 770)	(1 827 607)
Exchange (gain) / loss	(45 922 737)	347 559 880	(45 376 864)	200 605 081
Adjusted earnings	295 661 617	299 792 906	586 237 160	273 767 600
Total tax effect on adjustments	106 960 521	(75 941 828)	193 515 733	40 756 317
Headline earnings	402 622 138	223 851 078	779 752 893	314 523 917

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

4 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 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.

At date of revaluation, 31 March 2022, the properties' fair values were determined by Dawn Properties Consultants (Private) Limited, 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.

INFLATION ADJUSTED AUDITED	GROUP					
	Land and Buildings	Plant and Machinery	Commercial vehicles	Passenger motor vehicles	Furniture & equipment	Total
Cost / Valuation	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Balance at 1 April 2021	935 178 986	1 002 966 024	154 169	2 113 680	44 773 146	1 985 186 005
Additions	121 631 967	236 288 824	-	21 465 370	29 440 979	408 827 140
Disposals	-	(399 768)	-	-	(59 541)	(459 309)
Impairment - charged to profit or loss	-	-	-	-	(2 962 304)	(2 962 304)
Revaluation surplus	288 899 047	-	-	-	-	288 899 047
Balance at 31 March 2022	1 345 710 000	1 238 855 080	154 169	23 579 050	71 192 280	2 679 490 579
Accumulated depreciation						
Balance at 1 April 2021	-	497 244 806	154 169	550 205	17 486 818	515 435 998
Depreciation charge for the year	14 060 214	64 458 614	-	3 323 753	12 223 517	94 066 098
Depreciation reversal on revaluation	(14 060 214)	-	-	-	-	(14 060 214)
Disposals	-	(256 513.39)	-	-	(59 542)	(316 055)
Depreciation reversal on scrapping of assets	-	-	-	-	(1 979 155)	(1 979 155)
Balance at 31 March 2022	-	561 446 907	154 169	3 873 958	27 671 638	593 146 672
Net book value 31 March 2022	1 345 710 000	677 408 173	-	19 705 092	43 520 642	2 086 343 907
Net book value 31 March 2021	935 178 986	505 721 218	-	1 563 475	27 286 328	1 469 750 007
HISTORICAL (UNAUDITED)	GROUP					
Balance at 1 April 2021	541 520 000	56 054 423	3 376	747 615	2 857 444	601 182 858
Additions	107 701 193	206 487 113	-	14 273 973	24 114 977	352 577 256
Disposals	-	(8 755)	-	-	(1 304)	(10 059)
Impairment loss of an asset	-	-	-	-	(64 876)	(64 876.38)
Revaluation surplus	696 488 807	-	-	-	-	696 488 807
Balance at 31 March 2022	1 345 710 000	262 532 781	3 376	15 021 588	26 906 241	1 650 173 986
Accumulated depreciation						
Balance at 1 April 2021	-	11 953 787	3 376	108 829	905 063	12 971 055
Depreciation charge for the year	12 402 871	3 618 464	-	1 719 905	2 749 093	20 490 333
Depreciation reversal on revaluation	(12 402 871)	-	-	-	-	(12 402 871)
Disposals	-	(5 618)	-	-	(1 306)	(6 924)
Depreciation reversal on scrapping of assets	-	-	-	-	(43 345)	(43 345)
Balance at 31 March 2022	-	15 566 633	3 376	1 828 734	3 609 505	21 008 248
Net book value 31 March 2022	1 345 710 000	246 966 148	-	13 192 854	23 296 736	1 629 165 738
Net book value 31 March 2021	541 520 000	44 100 636	-	638 786	1 952 381	588 211 803

5 INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL	
	Audited		Unaudited	
	GROUP		GROUP	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance at 1 April	832 839 818	925 117 169	482 260 000	157 302 017
Valuation gain on investment property	386 640 182	(92 277 351)	737 220 000	324 957 983
Balance at 31 March	1 219 480 000	832 839 818	1 219 480 000	482 260 000
Income and expenses relating to investment property				
Rental income	55 433 575	35 797 804	44 203 429	16 225 204
Direct operating costs incurred in generating the rental income	(4 465 949)	(23 339 613)	(3 535 147)	(12 393 386)

Fair Value Hierarchy

The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy:

	INFLATION ADJUSTED		HISTORICAL	
	Audited		Unaudited	
	GROUP		GROUP	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Fair value measurement using significant unobservable inputs (Level 3)				
Commercial	1 183 310 000	812 150 934	1 183 310 000	470 280 000
Residential	36 170 000	20 688 884	36 170 000	11 980 000
Total	1 219 480 000	832 839 818	1 219 480 000	482 260 000



Abridged Financial Results

For the year ended 31 March 2022



NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2022

Valuation approach for investment property

Investment properties were valued by Dawn Property Consultancy (Private) Limited an accredited independent valuer. Dawn Property Consultancy (Private) Limited 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.

6	LOANS AND BORROWINGS	INFLATION ADJUSTED		HISTORICAL	
		Audited		Unaudited	
		GROUP		GROUP	
		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
Changes in interest-bearing loans and borrowings arising from financing activities					
Balance at 1 April		2 318 091	978 841 232	1 342 302	166 436 971
Interest charged		101 901	103 720 461	71 151	44 893 685
Loans paid		(1 112 572)	(134 089 113)	(654 451)	(63 971 488)
Interest paid		-	(885 115)	-	(177 050)
Loans write down		-	(17 683 108)	-	(356 909 495)
Effect of exchange rates on foreign creditors		-	364 507 180	-	211 069 679
Monetary gain		(548 418)	(92 093 446)	-	-
Balance at 31 March		759 002	2 318 091	759 002	1 342 302

7 GOING CONCERN

“The group's revenue has increased from ZWL 8.78 billion recorded last year to ZWL 13.16 billion in the current year mainly buoyed by the increase in sales volumes of granulated sugar which increased from the 60,388 tonnes sold in the prior year to 82,500 tonnes in the 2022 financial year. The Group has grown the net working capital position to ZWL 660.14 million, up from ZWL 528.79 million in 2021 and has managed to clear all of the legacy liabilities that were weighing heavily on its balance sheet. Sales volumes of granulated sugar have significantly increased by 37% from the 60,388 tonnes sold in the prior year to 82,500 tonnes sold in the 2022 financial year. This increase was buoyed by a 38% increase in production volumes at the refinery from 59,571 tonnes recorded in 2021 to 82,399 tonnes in the year under review. The Group continues to make significant progress in its plans to retool and refurbish the business and is on track to achieve the budgeted production and sales throughput of 100,000 tonnes for the 2023 financial year.

Management anticipates that the business will be able to generate positive cash flows into the future regardless of the implications of the Covid-19 pandemic and the effects of Statutory Instrument 98 of 2022 (SI 98 of 2022) which suspended import duty on importation of sugar. The ability of the Group to continue generating cash flows into the future has not been affected by these issues. As per the 2023 capital and financial expenditure budget, demand for StarAfrica products remains high both domestically and in the region which is expected to result in a total of ZWL13.2billion in cash generated from operating activities for the full year of 2023. Management performed a scenario analysis and noted that, in the worst case scenario, brought about by the anticipated effects of Statutory Instrument 98 of 2022, the downside impact would still have the business earning positive cash flows to the tune of ZWL8.6billion from operating activities. The business remains in a sound financial position with sufficient liquidity to settle its obligations as they fall due. Due to an increase in productivity and sales volumes in the prior year and that which is anticipated for the future, the business will continue generating sufficient cash flows to meet its daily working capital needs and for capital expansion.

An impact assessment of the current and historical effects of SI 98 of 2022 and the Covid-19 pandemic points to an expected minimal impact of these two factors in the foreseeable future.

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue operating as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

Impact of Covid-19

The extent, duration and impact of the pandemic remain uncertain and depend on future developments that cannot be accurately predicted at this stage. This is despite the fact that there has been significant easing of lockdown restrictions around the country. However, the impact so far on the Group's's business has been marginal as the Group and its key customers have continued operating during the lockdown. The supply of raw materials to the sugar refining plant was stable during the year except for packaging materials sourced from South Africa, which prolonged lead times due to lockdown restrictions in that country. Although some level of Covid-19 restrictions is still in place, such as the wearing of masks in public places, the Government continues to relax the degree of restrictions imposed. On 22 June 2022 the Government of Zimbabwe completely scrapped away the curfew restrictions which been in place. This is indicative of a softening stance the authorities are taking as the effects of the Covid-19 pandemic wean off. It is therefore anticipated that in the foreseeable future the Covid-19 pandemic will have a minimal effect on the country in general and on StarAfrica in particular.

Impact of the Russia-Ukraine Conflict

Global economic shocks arising from the Russia-Ukraine conflict triggered increases in grain and oil prices towards the end of 2022 financial year and beyond. This has had the direct effect of increasing costs of production across industry as oil price escalations have affected all businesses which rely on the transportation of raw materials or finished goods.

The direct effect on StarAfrica, however, has not been significant, save for the downstream effect of price escalations on costs of raw materials, which suppliers have increased in varying degrees in response to these global shocks. None of the Directors have any links to Russia, which have caused, or are likely to cause, sanctions being imposed on those Directors or on the Company. The Russia-Ukraine conflict is not expected to have direct impact on the operations of StarAfrica Corporation Limited. “

8 EVENTS AFTER REPORTING DATE

Introduction of the Interbank rate (willing-buyer, willing-seller)

On the 4th of April 2022, the Reserve Bank of Zimbabwe announced that it was further liberalising the foreign exchange market by allowing banks to conduct foreign exchange transactions of up US\$1 000 under an arrangement agreed upon between banks and the RBZ and in terms of which individuals with free funds and entities/corporates holding foreign exchange in their foreign currency accounts (after meeting the statutory surrender requirements) shall be free to sell foreign currency to banks on a willing-buyer willing-seller-basis.

Effectively, this introduced what is now known as the interbank rate which came into practice on 10 May 2022.

While the business continues to assess these changes, it does not expect a significant impact to its operations.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2022

8 EVENTS AFTER REPORTING DATE (continued)

Suspension of duty on importation of basic commodities.

On the 17th of May 2022, the Zimbabwean government, through the Minister of Finance and Economic Development, introduced Statutory Instrument 98 of 2022, which immediately and wholly suspended customs duties on importation of basic commodities.

Its effect on cross-border trade was to totally or wholly suspend payment of duty on sugar, cooking oil, margarine, rice, flour, salt, bath soap, laundry soap, washing powder, toothpaste and petroleum jelly, regardless of their country of origin (CoO) and quantities (bulk and small). This pronouncement is valid for a period of 6 months from 17th of May 2022 to the 16th of November 2022.

The business has performed an impact assessment and determined that the likely impact of this law will be moderate to low as there is a global sugar shortage, which is unlikely to be resolved within the next 12months. The business will continue to assess and anticipate the full scale impact of the Statutory Instrument 98 of 2022.

9 PRIOR PERIOD ERRORS

9.1 Presentation and disclosure (International Accounting Standard 1)

In the preparation of the 2021 financial statements, some balances were incorrectly presented in the prior year financial statements. This was in terms of presentation and disclosure only per the requirements of the relevant accounting standard, without impacting the overall reported results.

(i) Disaggregation of net finance costs

In the prior year, finance costs and finance income had been presented on a net basis on the face of the Statement of Comprehensive Income and in the related notes. However, IAS 1 - Presentation of Financial Statements requires that these be presented on a gross basis rather than offsetting. This has been corrected in 2022, with comparative balances being restated to show finance income separately from finance costs in both the notes to financial statements and on the face of the Statement of Comprehensive Income. The net impact of this correction is nil.

(ii) Separate disclosure of the allowance for expected credit losses

In the prior year, the allowance for expected credit losses was not presented on the face of the statement of comprehensive income. These costs had been lumped up and disclosed with other costs under administrative expenses. However, IAS 1 - Presentation of Financial Statements and IFRS 7 - Financial Instruments : Disclosures requires that the allowance for expected credit losses be presented separately on the face of the statement of profit or loss. This has been corrected in 2022, with comparative balances being restated to show allowance for expected credit loss separately on the face. The net impact of this correction is nil.

(iii) Separate disclosure of selling and distribution costs

Selling and distribution costs were not separately disclosed on the face of the statement of comprehensive income in the 2021 financial statements. These costs had been lumped up and disclosed with other costs under administrative expenses. However, IAS 1 - Presentation of Financial Statements requires that the selling and distribution costs be presented separately on the face of the statement of comprehensive income. This has been corrected in 2022, with comparative balances being restated to show selling and distribution costs separately on the face of the statement of comprehensive income. The net impact of this correction is nil.

(iv) Impairment loss and exchange gains/losses shown above the operating profit line

In the 2021 financial statements, Impairment losses and exchange gains/(losses) were shown incorrectly below the operating profit line. This was contrary to the requirements of IAS 1 - Presentation of Financial Statements which requires that they be shown above the operating profit line. This has been corrected in 2022, with comparative balances being restated to show impairment losses and exchange gains/losses above the operating profit line. The net impact of this correction was nil.

(v) Inflation adjusted impairment and revaluation loss on raw sugar warehouse incorrectly classified.

In the 2021 financial year, an impairment and a revaluation loss were recognised when the Raw Sugar Warehouse was razed down in a fire that occurred in September 2020. The impairment and revaluation losses, for historical purposes, were correctly recorded in other comprehensive income against previously recognised revaluation surpluses in line with the requirements of IAS 16 - Property, plant and equipment. However, in inflation adjusted terms, these losses were also recorded under other comprehensive Income. Due to the application of the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies, opening balances of revaluation surpluses are eliminated to retained earnings and, so, are not available for use in adjusting for any impairment or revaluation losses. In order to provide more useful information to the users of financial statement, the appropriate accounting treatment was to recognise the impairment loss and the revaluation loss in the Statement of Profit or Loss and not in other comprehensive income. This has been corrected in the 2022 financial year with the comparative balances restated to show the appropriate accounting treatment in the prior year. The correction of these errors had a nil net effect on total comprehensive income for the year and retained earnings. However, the correction resulted in lower profit for the year ended 31 March 2021 and a nil other comprehensive income after removing the incorrectly classified losses.

9.2 Statement of cash flows - reclassification of finance income from operating activities to investment income

In the 2021 financial year, finance income had been classified under operating activities which is contrary to the Group accounting policy. The finance income should have been classified under investment activities. This has been corrected in 2022, with the comparative balances restated to show the correct classification. The correction of this error had a nil net effect on the statement of cash flows.

9.3 Presentation and disclosure (International Accounting Standard 1)

Profit before income tax note. Disaggregation of line items and inclusion of other line items previously omitted from note.

In the 2021 financial statements, the below line items had been shown in aggregate in the profit before income tax note to financial statements.

- Employment costs

The below line items had been omitted from the Profit Before Taxation note to the financial statements.

- Cost of sales
- Selling and distribution expenses
- Dividends received (Investment Income)
- Administrative expenses
- Other overheads.



Abridged Financial Results

For the year ended 31 March 2022



NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2022

9 PRIOR PERIOD ERRORS (continued)

9.3 Presentation and disclosure (International Accounting Standard 1) (continued)

However, IAS 1 - Presentation of Financial Statements requires inclusion and disaggregation of elements of financial statements when such presentation is relevant to the users' understanding of the entity's financial performance. This has been corrected in 2022, with comparative balances being restated to show disaggregated elements of the profit before income tax. The net impact of this correction is nil. "

9.4 Presentation and disclosure (International Accounting Standard 1)

(i) Value added tax expense on disposal of building

In the prior year, the Group disposed of a building to one of its lenders to extinguish a debt it owed. This was a deemed disposal in terms of the Value Added Tax Act which triggered a VAT Output expense. In the prior year, this cost had been incorrectly classified under the income tax expense line item and its effect shown, consequently, in the related tax rate reconciliation, contrary to the provisions of IAS 12 : Income Taxes. This has now been corrected in the 2022 financial statements. The correction of this error had a nil net effect on the 2021 financial statements. However, it had the effect of changing the income tax expense and the resultant tax rate reconciliation.

(ii) Disaggregation of effects of fair value gains taxed at lower rate in the tax rate reconciliation

In the prior year, the effect of fair value gains taxed at lower rates was incorrectly shown in the exempt income line item contrary to the requirements of IAS 12 - Income Taxes. This has been corrected in the current year with the comparatives restated by disaggregating the fair value gains in the 2021 tax rate reconciliation. The correction of this error had a nil net effect on the 2021 tax rate reconciliation.

9.5 Presentation and disclosure (International Accounting Standard 1)

(i) Disaggregation of the payables and provision note

The payables and provision note in the 2021 financial statements had only been disaggregated to 3 sub-items namely; trade payables, provisions and other payables. However, as per IAS 1 - Presentation of Financial Statements, these should be further disaggregated when such presentation is relevant to the users' understanding of the Group's financial performance. This has been corrected in 2022, with comparative balances being restated to show further disaggregation which has resulted in separate disclosure of contract liabilities and statutory obligations. Only material items within the payables and provisions were disaggregated to comply with the requirements of IAS 1. The net impact of this correction is nil.

(ii) Contract liability not separately disclosed

In the 2021 financial statements, contract liabilities arising out of customers' prepayments were not separately disclosed which was a contravention of the requirements of IFRS 15 - Revenue from Contracts with Customers. This has been corrected in 2022, with comparative balances restated to show contract liabilities separately in the 2021 financial statements. The correction of this error had a nil net effect on the 2021 financial statements.

9.6 Starafrica Corporation Limited's liability to Starafrica Corporation Pension Fund

Safariland (Private) Limited ("Safariland") is a property investment company whose shares are held by Starafrica Corporation Limited with a 70% stake and Starafrica Corporation Pension Fund (the Pension Fund) holding the remaining 30%. The company owned a property in Borrowdale, Harare which was let out to the Company for rental income. In 2011, the building was sold to a third party for a total sum of US\$3million dollars, the proceeds of which should have been for the benefit of Safariland. The buyer, however, proceeded to pay the proceeds directly to one of the shareholders, the Company, which then utilised these funds in their entirety for its own business purposes.

In the books of the Company, an intercompany liability was raised for the proceeds owing to Safariland. In the books of Safariland, an intercompany receivable was raised for the amount due to be received from the Company. The two parties reached consensus that this balance due was denominated in US\$ and payable in Zimbabwe dollars and, hence, had to be converted from time-to-time in the separate financial statements of each party in line with movements in the exchange rate. However, none of the parties had adjusted this balance in line with movements in the exchange rates that occurred. The correction of this error was made in the 2022 financial statements which resulted in exchange losses being recognized in the financial statements of the Company and, correspondingly, exchange gains being recognised in the Safariland books. This correction increased the intercompany receivable in Safariland and, consequently, also increased the value of that receivable which is attributable to the minority interest in Safariland.

The tables below summarise the impact of the prior period error on the affected financial statement line items:

IMPACT ON STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED 31 MARCH 2021

	INFLATION ADJUSTED (As previously presented)	IAS 29 RESTATEMENT	INFLATION ADJUSTED CURRENT VALUES	IAS 8 RESTATEMENT ADJUSTMENT	RESTATED (After correction of prior period errors)
	GROUP				
	2021 ZWL		2021 ZWL		2021 ZWL
Impact on statement of profit and loss					
Selling and distribution expenses	-	1.727	-	(98 271 874)	(98 271 874)
Administrative expenses	(516 173 152)	1.727	(891 406 198)	44 013 472	(847 392 726)
Expected credit loss	-	1.727	-	5 319 139	5 319 139
Impairment loss	-	1.727	-	(107 912 478)	(107 912 478)
Revaluation loss of property, plant and equipment	-	1.727	-	(78 365 304)	(78 365 304)
Exchange loss	-	1.727	-	(347 559 880)	(347 559 880)
Impairment loss	(25 010 467)	1.727	(43 191 875)	43 191 875	-
Net finance cost	(60 207 214)	1.727	(103 974 982)	103 974 962	-
Finance cost	-	1.727	-	(104 279 910)	(104 279 910)
Finance income	-	1.727	-	304 948	304 948
Exchange loss	(201 256 261)	1.727	(347 559 880)	347 559 880	-
Income tax	(125 269 467)	1.727	(216 334 342)	84 310 102	(132 024 240)
Impact on other comprehensive income					
Revaluation of property, plant and equipment	(45 377 816)	1.727	(78 365 305)	78 365 305	-
Impairment of previously revalued assets	(37 476 785)	1.727	(64 720 605)	64 720 605	-
Income tax relating to components of other comprehensive income	20 481 657	1.727	35 370 836	(35 370 836)	-

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2022

9.6 Starafrica Corporation Limited's liability to Starafrica Corporation Pension Fund (continued)

IMPACT ON STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED 31 MARCH 2021 (CONTINUED)

	INFLATION ADJUSTED (As previously presented)	IAS 29 RESTATEMENT	INFLATION ADJUSTED CURRENT VALUES	IAS 8 RESTATEMENT ADJUSTMENT	RESTATED (After correction of prior period errors)
	COMPANY				
	2021 ZWL		2021 ZWL		2021 ZWL
Impact on statement of profit and loss					
Exchange gain	-	1.727	-	184 429 773	184 429 773
Net finance cost	176 582	1.727	304 948	(304 948)	-
Finance income	-	1.727	-	304 948	304 948
Exchange gain	106 794 969	1.727	184 429 773	(184 429 773)	-
Income tax	(40 325 791)	1.727	(69 640 700)	-	(69 640 700)

IMPACT ON EARNINGS PER SHARE

	INFLATION ADJUSTED (As previously presented)	IAS 29 RESTATEMENT	INFLATION ADJUSTED CURRENT VALUES	IAS 8 RESTATEMENT ADJUSTMENT	RESTATED (After correction of prior period errors)
	GROUP				
	2021 ZWL		2021 ZWL		2021 ZWL
Basic (cents)	2.20	1.727	3.80	(395)	(0.15)
Diluted (cents)	2.20	1.727	3.80	(395)	(0.15)
Headline earnings per share	4.99	1.727	8.61	(396)	4.66

IMPACT ON STATEMENT OF CASH FLOW

	INFLATION ADJUSTED (As previously presented)	IAS 29 RESTATEMENT	INFLATION ADJUSTED CURRENT VALUES	IAS 8 RESTATEMENT ADJUSTMENT	RESTATED (After correction of prior period errors)
	GROUP				
	2021 ZWL		2021 ZWL		2021 ZWL
Operating activities					
Finance income received	176 582	1.727	304 948	(304 948)	-
Investing activities					
Finance income received	-	1.727	-	304 948	304 948
	COMPANY				
Operating activities					
Finance income received	176 582	1.727	304 948	(304 947.80)	-
Investing activities					
Finance income received	1.727	-	-	304 947.80	304 948

IMPACT ON STATEMENT OF FINANCIAL POSITION

	INFLATION ADJUSTED (As previously presented)	IAS 29 RESTATEMENT	INFLATION ADJUSTED CURRENT VALUES	IAS 8 RESTATEMENT ADJUSTMENT	RESTATED (After correction of prior period errors)
	GROUP				
	2021 ZWL		2021 ZWL		2021 ZWL
Restatements as at 1 April 2020					
Retained earnings / (accumulated loss)	(445 109 668)	1.727	(768 682 981)	(84 768 953)	(853 451 934)
Non-controlling interest	62 063 748	1.727	107 181 107	84 768 954	191 950 061

IMPACT ON STATEMENT OF FINANCIAL POSITION

	INFLATION ADJUSTED (As previously presented)	IAS 29 RESTATEMENT	INFLATION ADJUSTED CURRENT VALUES	IAS 8 RESTATEMENT ADJUSTMENT	RESTATED (After correction of prior period errors)
	GROUP				
	2021 ZWL		2021 ZWL		2021 ZWL
Restatements as at 1 April 2020					
Non-distributable reserves	93 878 901	1.727	162 124 354	107 715 064	269 839 418
Retained earnings / (accumulated loss)	(170 149 837)	1.727	(293 840 582)	(275 149 595)	(568 990 177)
Non-controlling interest	65 779 745	1.727	113 598 454	167 434 530	281 032 984

10 AUDITOR'S STATEMENT

The Group's inflation adjusted financial statements from which these abridged results have been extracted have been audited by the Group's independent auditors, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), who have issued an adverse audit opinion as a result of the impact of the following matters: non-compliance with International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors"; the consequential impact on the inflation-adjusted amounts determined in terms of IAS 29, valuation of investment properties, due to lack of market evidence to support property valuation inputs and accounting for foreign denominated equity component of compound financial instruments. The auditor's report on the Group's inflation adjusted financial statements is available for inspection at the Company's registered once. The engagement partner for this audit is Ms. Esther Antonio (PAAB Practising Certificate Number 0661).



Independent auditor's report

To the Shareholders of Starafrika Corporation 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 consolidated and separate financial statements do not present fairly the consolidated and separate financial position of Starafrika Corporation Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

What we have audited

Starafrika Corporation Limited's consolidated and separate financial statements set out on pages 12 to 66 comprise:

- the consolidated and separate statements of financial position as at 31 March 2022;
 - the consolidated and separate statements of profit or loss and other comprehensive income for the period then ended;
 - the consolidated and separate statements of changes in equity for the period then ended;
 - the consolidated and separate statements of cash flows for the period 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 consolidated and separate financial statements as at 31 March 2021, 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 ("IAS") 21, '*The Effects of Changes in Foreign Exchange Rates*' ("IAS 21"), the use of a combination of average and spot exchange rates on the change in functional currency date of 22 February 2019 which resulted in an imbalance that was recorded directly in equity as a functional currency translation reserve which did not comply with IAS 21, the effects of the Group and Company's change in its functional currency on 22 February 2019 which is not in compliance with IAS 21 which would have required a functional currency change on 1 October 2018, the inappropriate application of IAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*' ("IAS 8"), and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29, '*Financial Reporting in Hyperinflationary Economies*' ("IAS 29").

The opinion was further modified due to the impact of using United States of America dollar ("US\$") valuation inputs rather than local currency valuation inputs, and then translating the value so derived to Zimbabwean dollar ("ZWL") using the interbank foreign exchange rate as per the Foreign Exchange Auction Trading System of the Reserve Bank of Zimbabwe at the reporting date, when valuing investment property, and land and buildings included in property, plant and equipment (together the "properties") of the Group. Notwithstanding the fact that the spot rate applied as at 31 March 2021 was considered to meet the spot rate definition as per IAS 21, the application of a conversion rate to US\$ valuation inputs and a US\$ based valuation to calculate ZWL properties values was not an accurate reflection of market

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dynamics as the risks associated with currency trading do not reflect the risks associated with property trading.

In addition, the Group inappropriately classified the conversion option of a foreign currency denominated financial instrument as equity as opposed to a financial liability, which is not in compliance with IAS 32, '*IAS 32 Financial Instruments: Presentation*'.

Our opinion on the consolidated and separate financial statements as at 31 March 2022, and for the year then ended, is modified because of the possible effects that these matters have on the current year financial statements and the comparability of the current year's figures to that of the comparative period. These possible effects are outlined below.

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 Group and Company changed its functional currency in accordance with the requirements of IAS 21 and amounts retrospectively restated in accordance with the requirements of IAS 8, and then inflation adjusted in accordance with IAS 29 as at 31 March 2022, non-monetary assets, non-monetary liabilities and retained earnings in the accompanying consolidated and separate statements of financial position as at 31 March 2022, and the related movements within the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended, would have been materially restated. It was not practicable to quantify the financial effects of this matter on the consolidated and separate financial statements for the year ended 31 March 2022.

Furthermore, the use of inappropriate spot rates to translate foreign denominated transactions within the consolidated and separate statements of profit or loss and other comprehensive income in the prior year has had an impact on the comparability of the current year's figures to that of the comparative period.

The opening properties, revaluation reserve and retained earnings balances as at 1 April 2021 recognised in the consolidated statement of financial position, and the related fair value movements and depreciation recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022 are misstated as a result of the misstatement described above with respect to the valuation of properties in the prior year. It was not practicable to quantify the financial impact of this misstatement on the consolidated financial performance for the year ended 31 December 2022. This has also had an impact on the comparability of the current year's figures to that of the comparative period.

In addition, the opening consolidated balances as at 1 April 2021 of the foreign denominated equity components of compound financial instruments that were inappropriately classified as equity instead of as a financial liability resulted in consolidated equity being overstated and consolidated liabilities being understated by ZWL 69 250 667 as at 1 April 2020. As a result, the prior year profit and loss was also misstated due to the remeasurement at disposal of a part of the financial instrument. This had an impact on the comparability of the current year's figures to that of the comparative period. Due to the fact that the liability was fully settled at the beginning of the current year (1 April 2021), there is no impact of IAS 21 and IAS 29 in the current year.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate 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.

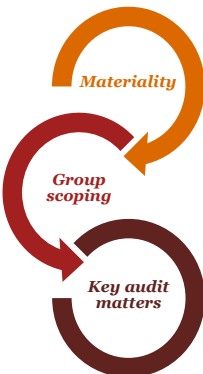
Independence

We are independent of the Group 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 IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview

	<p>Overall group materiality</p> <ul style="list-style-type: none"> Overall group materiality: ZWL 53,496,666.85 which represents 5% of profit before tax. <p>Group audit scope</p> <ul style="list-style-type: none"> Include highlights from the bespoke description of group scoping as described under the heading “How we tailored our group audit scope” which might include, for example: <ul style="list-style-type: none"> The number of reporting units and number of countries The group engagement team visited the Harare site. We performed audit work on all material
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated 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.

<i>Overall group materiality</i>	ZWL 53,496,666.85
<i>How we determined it</i>	5% of profit before tax
<i>Rationale for the materiality benchmark applied</i>	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.



How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matters described in the *Basis for adverse opinion* section, we have determined that there are no additional key audit matters to be communicated in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Annual Financial Statement” that the engagement team has determined, through discussion with management, to constitute the client’s ‘annual report’ as defined in ISA 720 (Revised). The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

As described in the Basis for adverse opinion section above, the financial statements contain material misstatements with respect to the application of IAS 21 during the financial year ended 31 March 2020 and 31 March 2021 when the Group incorrectly accounted for the change in functional currency, and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29 for the for all year ends since 31 March 2020 and 31 March 2021, as well as the impact of conversion rates used to convert US\$ valuation inputs to determine the ZWL fair value of properties as at 31 March 2020 and 31 March 2021. In addition the financial statements contain material misstatements with respect to the accounting for the foreign denominated equity components of compound financial instruments that were inappropriately classified as equity instead of as a financial liability. 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 consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 and separate 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 and 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 Group's and 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 consolidated and separate 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 and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate 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".

Esther Antonio
Registered Public Auditor

Public Accountants and Auditors Board, Public Auditor Registration Number 0661
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 255940
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

20 September 2022

Harare, Zimbabwe