



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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**To the members of National Tyre Services Limited**

We have reviewed the accompanying interim statement of financial position of National Tyre Services Limited as at 30 September 2022 and the related interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and a summary of significant Company accounting policies and other explanatory notes.

## **Responsibilities of Management and Those Charged with Governance for the interim financial statements**

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Company's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Qualified Conclusion

### Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

During the prior and current financial period, the foreign currency denominated transactions and balances of the Company were translated into ZWL using foreign currency auction exchange rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the interim financial information for the six months ended 30 September 2022.

Had the interim financial statements been prepared in accordance with the requirements of IAS 21, some elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material but not pervasive to the interim financial statements as a whole.

### Valuation of investment property and owner-occupied property

The determination of fair values for assets presented in the interim financial statements is affected by the prevailing economic environment. These interim financial statements include investment property and owner-occupied property that was revalued by an Independent professional valuer as at 31 March 2022. The investment property and owner-occupied property valuations were determined in USD and then translated to ZWL using the foreign currency auction rate as at 31 March 2022.

Although the determined USD values as at 31 March 2022 reflected the fair value of the investment property and owner-occupied property, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing

similar items of investment property and owner-occupied property in ZWL. The opinion for the year ended 31 March 2022 was modified in respect of this matter and no subsequent valuations were done.

### Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the *Basis for Qualified Conclusion* section above, there is nothing that has come to our attention which causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects the financial position of National Tyre Services Limited as at 30 September 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRS).

The engagement partner on the review engagement resulting in this independent review conclusion is Farai Chibisa.

Grant Thornton

Farai Chibisa

Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

29 DECEMBER 2022

HARARE