



**GOLDSTAR**  
SUGARS



# ANNUAL REPORT 2021



star**africa**corporation  
limited

# CONTENTS

## 01 COMPANY OVERVIEW

About Starafrika  
Business Portfolio & Products  
Our Value Chain

## 02 ADMINISTRATION

Directorate, Management & Professional Advisors

## 03 PERFORMANCE REVIEW

Financial Highlights  
Chairman's Statement

## 04 CORPORATE GOVERNANCE

2	Corporate Governance Report	15
3	Directors' Report	16
4-5	Directors' Responsibility Statement	17
	Certificate by the Company Secretary	18

## 05 ANNUAL FINANCIAL STATEMENTS

6-7	Independent Auditor's Report	20-25
	Statement of Profit or Loss and Other Comprehensive Income	26
8	Statement of Financial Position	27
10-13	Statement of Changes in Equity	28-29
	Statement of Cash Flows	30
	Notes to the Financial Statements	31-77
	Shareholder Information	78
	Notice to Shareholders	79
	Proxy Form	80





# ABOUT STARAFRICA CORPORATION LIMITED

## CORPORATE HISTORY

Established as Rhodesia Sugar Refineries in 1935, subsequently listing on the then Rhodesia Stock Exchange in 1947, the Company changed its name to Zimbabwe Sugar Refineries (ZSR) in the early 1980s owing to the birth of the new nation of Zimbabwe. A rebranding exercise which followed refreshed corporate vision in 2006 resulted in the group's current name Starafriacorporation Limited.

The Zimbabwe stock exchange listed Starafrica Corporation Limited's business is the production, purification, marketing and distribution of sugar products as well as the manufacturing of sugar specialty products, grocery and snack products. The group currently comprises, a sugar production business Goldstar Sugars Harare (GSSH), a sugar specialty products business Country Choice Foods (CCF), a property division as well as an associate distribution business, Tongaat Hullet Botswana.

## DIVISIONS

Goldstar Sugars Harare (GSSH) produces, markets and distributes sugar products to industrial and consumer retail markets under a well-established brand, Goldstar, in various pack sizes. Country Choice Foods (CCF) is a leading manufacturer and distributor of sugar specialty products such as castor sugar, icing sugar, syrups as well as sweeteners, pure honey and snacks. The Group's property division leases out and manages commercial, industrial and residential Company owned properties within Zimbabwe while the Group's associate distribution business unit Tongaat Hulett Botswana markets and distributes Goldstar and Country Choice Foods products in Botswana.

## MARKETS

Goldstar Sugars markets and distributes sugar products throughout Zimbabwe and regional markets in Southern Africa. The Company's industrial sugar, marketed in 1 tonne bags is a much sought-after ingredient in the production of carbonated drinks, cordials and pharmaceuticals which use sugar in the manufacturing of their products while table sugar products are marketed in smaller pack sizes to retail and hospitality sectors. Country Choice Foods' (CCF) products are marketed to baking and retail sectors.

## BUSINESS PORTFOLIO & PRODUCTS

### GOLDSTAR SUGARS

- Strong well-established brand commanding a leading market position.
- Currently markets Goldstar white sugar throughout Zimbabwe.
- Goldstar Sugars products are used by leading beverage producers, confectioners and sweet manufacturers, as well as in the manufacture of sugar-based pharmaceuticals.
- KO (The Coca Cola Company) certification: we are certified to supply all Coca Cola bottling plants. As a result, the Company supplies sugar to the world's largest suppliers of carbonated soft drinks and cordials; and has consistently met their exacting, high standards.
- Goldstar Sugars has also been awarded the Food Safety Management Systems certification as well as ISO 9001:2008 certification.

### COUNTRY CHOICE FOODS

- Major manufacturer of sugar specialty products such as castor and icing sugar and syrups.
- Supplies the hospitality and baking industries.
- Fully committed to highest standards of quality control.





## OUR VALUE CHAIN

### STARAFRICA ADMINISTRATION

Includes Marketing, Sales and Distribution,  
Production and Technical Services.

#### COUNTRY CHOICE FOODS (CCF)



Country Choice Foods (CCF) is a leading manufacturer and distributor of sugar specialty products such as castor sugar, icing sugar syrups as well as sweeteners, pure honey.



#### GOLDSTAR SUGARS (GSSH) Sugar Purification

Goldstar Sugars Harare (GSSH) markets and distributes sugar products to industrial and consumer retail markets.

#### TONGAAT HULETT BOTSWANA (ASSOCIATE)



The Group's associate distribution business unit Tongaat Hulett Botswana markets and distributes Goldstar and Country Choice Foods products in Botswana.

#### PROPERTY DIVISION



The Group's property division leases out and manages commercial, industrial and residential Company owned properties within Zimbabwe

## OUR VALUE CHAIN



GSSH  
DISTRIBUTION





# DIRECTORATE, MANAGEMENT & PROFESSIONAL ADVISORS

## BOARD OF DIRECTORS

J. S. Mutizwa	Non-Executive Chairman
R. J. Mbire	Deputy Chairman
R. V. Mutyiri	Chief Executive
J. M. Chikura	Non-Executive Director
V. Nyemba	Non-Executive Director
B. L. Nkomo	Non-Executive Director
M. Sibanda	Non-Executive Director
C. Matorera	Non-Executive Director
S. Mahuni	Non-Executive Director
A. J. Musemburi	Corporate Services Director



# DIRECTORATE, MANAGEMENT & PROFESSIONAL ADVISORS

## GROUP MANAGEMENT

R. V. Mutyiri	Chief Executive
A. J. Musemburi	Corporate Services Director
R. Nyabadza	Chief Technical Consultant
R. Nazare	General Manager
D. Mpindiwa	Commercial Executive
R. Matongo	Marketing Manager
I. Mutsvedu	ICT and Properties Manager
R. A. Mukosi	Finance Manager

## PROFESSIONAL ADVISORS

Transfer Secretaries	First Transfer Secretaries, 1 Armagh Avenue Eastlea, Harare, Zimbabwe
Auditors	Ernst & Young Chartered Accountants (Zimbabwe)
Registered Office	49 Douglas Road, Workington, Harare
Bankers	ZB Bank Limited, African Banking Corporation, Nedbank Zimbabwe Limited
Attorneys	Dube, Manikai and Hwacha Coghlan Welsh & Guest



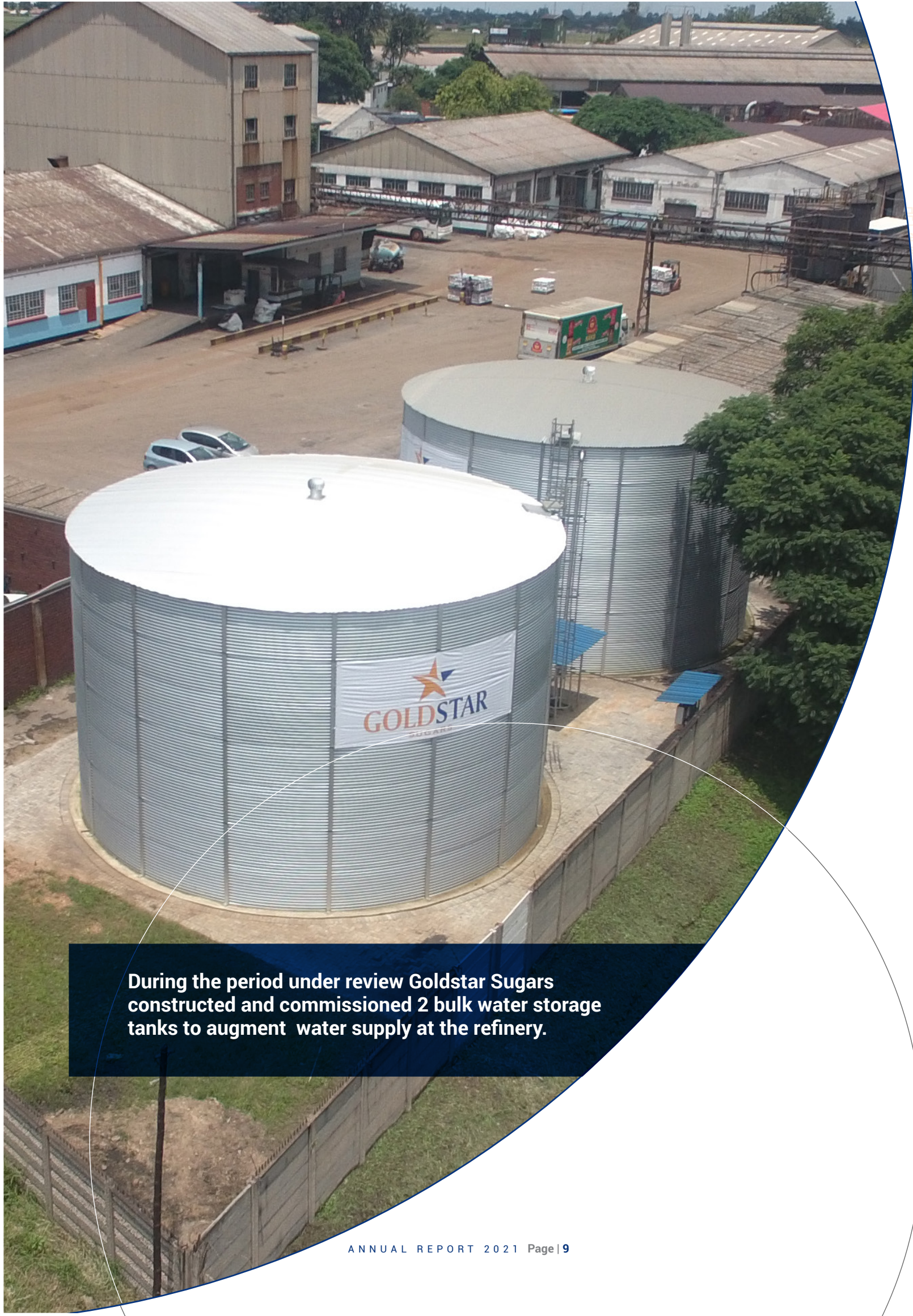
# FINANCIAL HIGHLIGHTS

## SALIENT FEATURES FOR THE YEAR

	INFLATION ADJUSTED		HISTORICAL	
<b>Revenue</b>	↑	+23%	+542%	↑
<b>EBITDA</b>	↓	-3%	+345%	↑
<b>Net assets</b>	↑	+15%	+314%	↑

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
<b>GROUP SUMMARY</b>				
<b>Statement of profit or loss and other comprehensive income</b>				
Revenue	5 081 284 202	4 120 066 460	3 832 897 658	597 216 636
Earnings before interest, tax, depreciation, and amortisation	678 727 699	703 062 690	468 986 238	105 335 687
Operating Profit	615 179 927	619 866 016	807 514 420	237 614 897
Net finance costs	(60 207 214)	(85 013 459)	(45 069 322)	(10 464 571)
<b>Profit for the year</b>	<b>109 663 079</b>	<b>185 873 814</b>	<b>496 990 767</b>	<b>66 238 728</b>
Other comprehensive income (net of tax)	93 878 901	130 281 203	511 552 483	201 405 354
<b>Total comprehensive Income</b>	<b>203 541 980</b>	<b>316 155 017</b>	<b>1 008 543 249</b>	<b>267 644 082</b>
Profit attributable to equity holders of the parent	105 947 083	189 611 484	470 844 998	58 256 745
Basic Earnings per share (cents)	2.20	3.94	9.79	1.21
Diluted Earnings per share (cents)	2.20	3.94	9.79	1.21
<b>Statement of Financial Position</b>				
Equity attributable to equity holders of the parent	1 466 416 670	1 266 590 686	1 292 294 517	310 538 999
Property, plant and equipment	851 065 984	1 093 981 540	588 211 803	252 592 746
Total assets	2 332 446 050	2 744 754 190	2 054 281 210	720 175 061
<b>Statistics</b>				
Refined sugar sales in domestic market (tonnes)	60 388	63 992	60 388	63 992
Average number of employees	462	428	462	428





**During the period under review Goldstar Sugars constructed and commissioned 2 bulk water storage tanks to augment water supply at the refinery.**





## CHAIRMAN'S STATEMENT

J.S. Mutizwa  
**CHAIRMAN**

“I take great pleasure in presenting the results for the year ended 31 March 2021. The results are a clear outcome of the progressive efforts the Group has made in strengthening its balance sheet and maintaining profitability despite the vagaries of the harsh operating environment.”

# CHAIRMAN'S STATEMENT

## OVERVIEW

I take great pleasure in presenting the results for the year ended 31 March 2021. The results are a clear outcome of the progressive efforts the Group has made in strengthening its balance sheet and maintaining profitability despite the vagaries of the harsh operating environment.

The broader business environment for the year under review was mainly shaped by the effects of the Covid-19 pandemic, particularly the national lockdowns which caused inevitable business disruptions for some parts of the year.

Government's introduction of the Foreign Currency Auction Trading System in June 2020 managed to restore currency stability in the second half of the year. Fuel and power supply improved during the period under review. The critical support given to the agricultural sector and the above-normal rainfall have yielded a bumper crop for the 2020/2021 farming season, which reduces the import bill for grains and ensures that inflationary pressures on the consumer food basket are mitigated. This will also have a positive impact on disposable incomes. These interventions saw inflation closing the year under review at 240.6%, a significant decline from the peak of 837.53% recorded in July 2020.

## GROUP RESULTS

The financial results of the Group have been inflation adjusted in compliance with the requirements of International Accounting Standard (IAS) 29 and the historical numbers have been disclosed as supplementary information. Turnover increased by 23% to ZWL5.08 billion compared with ZWL4.12 billion realised in the prior year. The Group's resilient efforts in clearing the Secondary Scheme of Arrangement debts resulted in 99.8% of the liabilities having been paid off by the end of the year under review. A downward adjustment in the fair value on investment properties caused by loss in value of properties in the market in real terms impacted negatively on profitability.

The Group also incurred a monetary loss of ZWL163 million caused by depreciation of the value of the monetary assets it holds, which resulted in Profit After Tax of ZWL 109.7 million, compared with ZWL185.9 million achieved last year.

In historical terms, revenue increased by 542% to ZWL3.8 billion from ZWL597 million recorded in the prior year, while profit for the year increased by 651% to ZWL497 million from a prior year achievement of ZWL66.2 million.

The Group's net working capital position strengthened significantly by 78% to ZWL306.2 million up from ZWL172.2 million achieved last year.

## OPERATIONS

### Goldstar Sugars Harare (GSSH)

GSSH's production was adversely affected by an increased plant breakdown profile, a 3-week total shutdown in operations caused by a Covid-19 incident at the Harare Refinery between July and August 2020 and a fire that razed down the raw sugar warehouse which resulted in a decrease in production of 9% from 65,568 to 59,571 tonnes of refined sugar produced in the current year. The business unit sold 60,386 tonnes against 63,993 tonnes sold last year. The 5.6% drop in sales volumes is largely attributable to interruptions to production due to Covid-19-related factors and plant downtime. Demand for our products remained strong with volumes constrained only by production challenges.

A comprehensive capital investment strategy and equipment maintenance plan are now in place and will be implemented at an accelerated pace now that the business has returned to viability. This will have a positive impact on plant availability which will improve productivity and profitability in the ensuing year. The plant continued to be certified by The Coca Cola Company ("TCCC") as well as Food Safety System Certification under the FSSC 22000 series. Post-year end, GSSH was also given full authorisation by TCCC for bottler ingredient supply to the whole of Africa. This will open new markets for GSSH and pave the way for sugar specialty products to be exported into the region and beyond.





## CHAIRMAN'S STATEMENT

### Country Choice Foods (CCF)

The CCF range of products expanded in the current year as the unit continues growing with its thrust to maximize on production of sugar specialties and other sugar-related products in synergy with production from Gold Star Sugars. Sales volumes increased by 19%. This is indicative of the success of efforts CCF is making in increasing its market share.



### Properties Business

This business recorded a 54% increase in turnover, from ZWL13.4 million recorded in prior year to ZWL20.7 million. The increase was due to improved occupancy levels and higher negotiated rental amounts per month charged despite the impact of the Covid-19 pandemic which had an adverse impact on tenants' ability to make rental payments timely.

### Tongaat Hulett Botswana (THB)

THB continued to grow and dominate the Botswana market with the associate posting a profit after tax of ZWL208.6 million of which the Group's share was ZWL69.5 million after converting the earnings into Zimbabwe dollars at the official exchange rate as at 31 March 2021. The profit after tax in the associate grew 77% from prior year in Zimbabwe dollar terms, largely as a result of the depreciation of the local currency against the pula.

### SECONDARY SCHEME OF ARRANGEMENT

The Secondary Scheme of Arrangement, whose tenure expires in February 2022, remains in place with 99.8% of creditors having been settled leaving an amount of only ZWL1.3 million in liabilities under the Scheme as at the end of year under review with ZWL654,451 of this balance having been settled immediately after year end.

The Group continues with efforts to trace the whereabouts of the few remaining local Scheme creditors with a view to clearing the small amounts still outstanding within the time frame of the Scheme. All outstanding foreign liabilities have now been settled.

### BOARD OF DIRECTORS

Mrs E. Machaka Madziva resigned from the post of Finance Director with effect from 31 December 2020 and the Board wishes her success in her new endeavours. Messrs. B.L. Nkomo and S. Mahuni resigned from the Board with effect from 31 July 2021 and the Board is grateful for their invaluable contribution during their tenure as directors of the company. Mr C. Matorera was appointed to the Board with effect from 29 June 2021. His confirmation as a director will be put to the next Annual General Meeting. The Board extends a warm welcome to Mr Matorera and wishes him a fruitful tenure on the Board.

### DIVIDEND

After taking due cognisance of the need to accelerate the capital upgrade of the sugar refining plant, the Board recommends that no dividend is declared at this stage.

## CHAIRMAN'S STATEMENT



### OUTLOOK

The Group has expunged the legacy liabilities and is now on a renewed drive to re-tool its operations, attend to plant downtime through replacement of critical machinery and grow its market share locally and in the region. The phased refurbishment of the dry section of the sugar refining plant (Secondary Plant) will be accelerated in the ensuing year, with work having commenced on replacement of centrifugal machines, rehabilitation of the raw sugar warehouse and procurement of an effluent treatment plant using internally generated funds and foreign currency acquired from the Reserve Bank of Zimbabwe's auction system.

This is expected to yield significant efficiencies in the operations of the plant and reduce the plant downtime that negatively impacted production in the 2021 financial year.

Focus will be directed at growing the Company's footprint in the region and beyond in the ensuing financial year by tapping more into the export market, buoyed by improved production quantities and the TCCC full authorisation to supply bottler ingredients to TCCC's entire Africa Operating Unit. The Group envisages a resumption of exports to the Botswana market in the 2022 financial year which will increase revenue and foreign currency earnings.

The Group continues to fully support efforts by Government towards international re-engagement, positive policy direction and the National Covid-19 Vaccination Programme which are expected to continue fostering business and economic recovery in the nation. For its part, the Group will continue to implement all the mitigatory measures recommended by the World Health Organisation (WHO) and Ministry of Health and Child Care at its operational units. Government's efforts in arresting hyperinflation and arbitrage tendencies in the economy are largely expected to yield sustained economic stability and open up capital markets for the Group to continue its expansion drive.

### CONCLUSION

Given that the Company's fortunes have improved significantly, emerging from the recovery period with a strong and clean balance sheet and excellent trading prospects going forward, it is appropriate that I step down from the board at this juncture. This will allow fresh leadership at Board level to lead the Company on its new trajectory. It has been an honour and privilege to lead the turnaround efforts to fruition. I would like to express my sincere gratitude to fellow board members, shareholders, customers, lenders, and various stakeholders for the support they have given to StarAfrica Corporation Limited. Finally, I would like to pay special tribute to management and employees of the Company for demonstrating resilience and commitment to the company during very challenging times. The Group is poised for growth and success into the future.

**J.S. Mutizwa**

Chairman

21 July 2021







## CORPORATE GOVERNANCE REPORT

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

### THE BOARD

The Company is managed in adherence to established standards of corporate governance and in conformity with the Manual of Best Practice. The Board comprises of ten Directors, two of whom are executive directors. The roles of Chairman and group chief executive vest in separate individuals, in line with best practice. The Board meets at least once every quarter for the purposes of formulating policy and strategy, approving budgets, investments and projects, reviewing operations and giving guidance to management on operational issues. Board deliberations are guided by a clearly defined Board Charter. The advice of the company secretary is available to all directors and a facility is available for Directors, in the discharge of their mandate, to obtain independent professional advice at the expense of the Company.

The directors' remuneration, which includes that of executive directors, is reflected in aggregate in note 6.

### BOARD COMMITTEES

For the efficient discharge of its duties, the Board has established the following committees:

#### Audit Committee:

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

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

#### General Purposes Committee:

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

### INTERNAL CONTROL

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

### DIRECTORS' INTERESTS

The Board has adopted an elaborate system for declaration of interests and assessment of the extent of such interests by the company secretary. It assesses the objectivity of the external auditors, in addition to the level of non-audit services supplied and ensures that there is an appropriate audit relationship.



A.J. Musemburi  
COMPANY SECRETARY



## DIRECTORS' REPORT

The directors have pleasure in presenting their report and accounts for the year ended 31 March 2021.

### NON-CURRENT ASSETS

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

	ZWL\$
Property, plant and equipment	851 065 984
Investment property	482 260 000
Investment in associate	167 893 858
<b>Balance as at 31 March 2021</b>	<b>1 501 219 842</b>

### BORROWING POWERS

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

- a) twice the amount of issued and paid up share capital of the Company, and
- b) twice the aggregate amounts of capital and revenue reserves of the Company including share premium.

### SHARE CAPITAL

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

### DIRECTORATE

The names of the current directors of the Company are set out on page 6. Shareholders will be asked to re-elect the directors retiring by rotation and approve directors' fees for the year ended 31 March 2021.

By Order of the Board



A.J. Musemburi

**COMPANY SECRETARY**

## DIRECTORS' RESPONSIBILITY STATEMENT

### RESPONSIBILITY

It is the directors' responsibility to prepare annual financial statements that present a true and fair view of the Company and the Group as at the end of the financial year; and of the profit or loss for the year, in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Companies and Other Business Entities Act (Chapter 24:31). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### COMPLIANCE WITH THE COMPANIES AND OTHER BUSINESS ENTITIES ACT (CHAPTER 24:31)

These financial statements, which have been inflation adjusted, are in agreement with underlying books and records and have been prepared in accordance with the Group's accounting policies. However, due to items detailed in the currency note 1.3 under "Notes to Financial Statements", the financial statements have not been prepared in conformity with the International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB). As such the Group has not complied with the Companies and Other Business Entities Act (Chapter 24:31) and the relevant Statutory Instruments.



J. S. Mutizwa  
**CHAIRMAN**

21 JULY 2021

### GOING CONCERN

The Group's revenue has increased from ZWL\$ 4.1 billion last year to ZWL\$ 5.1 billion in the current year. The Group has grown the net working capital position to ZWL\$ 337.7 million, up from ZWL\$ 172.2 million in 2020 and has managed to clear substantially all of the legacy liabilities that were weighing heavily on its balance sheet.

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

### APPROVAL OF FINANCIAL STATEMENTS

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



R. V. Mutyiri  
**CHIEF EXECUTIVE**

21 JULY 2021



## CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as the Company secretary, I confirm that in terms of the Companies and Other Business Entities Act [Chapter 24:31], the Company has lodged with the Registrar of Companies, all such returns as are required of a public quoted company in terms of this Act and that all such returns are true, correct and up to date.



A. J. Musemburi  
**COMPANY SECRETARY**  
21 JULY 2021







## Independent Auditor's Report

*To the Shareholders of Star Africa Corporation Limited*

### Report on the Audit of the consolidated and company inflation adjusted Financial Statements

#### Adverse Opinion

We have audited the consolidated and company inflation adjusted financial statements of Star Africa Corporation Limited and its subsidiaries (the Group), as set out on pages 26 to 77, which comprise the consolidated and company inflation adjusted statement of financial position as at 31 March 2021, and the consolidated and company inflation adjusted statement of profit or loss and other comprehensive income, consolidated and company inflation adjusted statement of changes in equity and consolidated and company inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated and company inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our audit report, the accompanying consolidated and company inflation adjusted financial statements do not present fairly the inflation adjusted financial position of the Group and company as at 31 March 2021, and its consolidated and company inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

#### Basis for Adverse Opinion

##### **Matter 1: Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates: and inappropriate application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors**

##### **Historical functional currency date of application**

The Group changed its functional and reporting currency from United States Dollar (US\$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019. We however believe that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Management has not restated the opening balances to resolve this matter which resulted in the adverse audit report in the prior period in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. Therefore, some corresponding numbers on the consolidated and company inflation adjusted statement of financial position and many items on the consolidated and company inflation adjusted statement of comprehensive income remain misstated, impacting comparability of the current year figures.

As a result, the closing balances for the following accounts as stated on the consolidated inflation adjusted Statement of Financial Position remain misstated as they contain amounts from opening balances:

- ZWL77 766 590 included in Property and Equipment of ZWL 309 530 315
- ZWL 168 958 776 included in Retained loss of ZWL 176 194 270
- ZWL 78 430 037 included in Deferred Tax Liability of ZWL 266 837 405
- ZWL 18 224 507 included in Non-controlling interest of ZWL 56 382 970
- ZWL 120 969 068 included in Inventories of ZWL 306 258 157



## Independent Auditor's Report (Continued)

*Star Africa Corporation Limited*

As opening balances enter into the determination of performance and changes in equity, our audit report is modified in respect of the impact of this matter on Cost of Sales of ZWL3 150 264 358, Depreciation expense of ZWL35 140 253 and Taxation ZWL58 907 332 on the consolidated inflation adjusted Statement of Profit or Loss, as well as cashflows from operations on the consolidated inflation adjusted Statement of Cashflows.

On date of change in functional currency, management translated elements on the consolidated inflation adjusted financial statements using different exchange rates which resulted in a misbalance which was recorded directly in equity as a functional currency translation reserve of ZWL141 943 547. This is not in line with the requirements of IFRS.

### **Matter 2: Valuation of investment properties, land inventory and owner-occupied properties classified under property and equipment**

The Group's Investment Properties and Land & Buildings are carried at ZWL482 260 000 and ZWL541 520 000 respectively as described in note 10 and note 11.

The properties were valued using USD denominated inputs and converted to ZWL at the closing auction rate. We believe that applying a conversion rate to a USD valuation to calculate ZWL property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading.

Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our prior year audit report was also modified as a result of this matter.

### **Matter 3: Exchange rates used (Non-compliance with IAS 21- The Effects of Changes in Foreign Exchange Rates)**

The Group translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 April 2020 to 23 June 2020, prior to introduction of the Foreign Exchange Auction Trading System. This includes the period between March and June 2020 when the exchange rate was fixed at USD1: ZWL25. As in the prior year, we concluded that the interbank exchange rates did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery.

This impacts Revenue of ZWL 5 081 284 202, Cost of Sales of ZWL 4 121 338 144, Exchange Loss on foreign currency exchange of ZWL 201 256 261, Net Finance Costs of ZWL 60 207 214, Exchange differences on translating foreign operations of ZWL 156 251 845 and Taxation ZWL125 269 467 on the consolidated inflation adjusted statement of profit or loss and other comprehensive income, Deferred Tax of ZWL275 224 505 and Retained Loss of ZWL162 651 538 on the consolidated inflation adjusted statement of financial position.

However, owing to the lack of information on the spot rates available to the entity and the other matters discussed above it is not possible to quantify the impacts of this departure from IFRS on the amounts noted above. Our prior year audit report was also modified due to this matter.

## **Independent Auditor's Report (Continued)**

*Star Africa Corporation Limited*

### **Matter 4: Consolidating a Foreign Associates using inappropriate exchange rates**

Further to the issue noted above in respect of exchange rates, management have also used the same exchange rates (interbank exchange rate up to 23 June 2020) referred to in Note 1.3 to the consolidated and company inflation adjusted financial statements, to translate the foreign associate to group reporting currency on consolidation. The impact is misstatement of the carrying amounts of the Investment in Associate of ZWL 167 893 858 on the consolidated and company inflation adjusted Statement of Financial Position and the share of profit from the associate of ZWL 69 522 118 on the consolidated inflation adjusted statement of profit or loss and other comprehensive income. Our opinion on the current year's financial statements is therefore also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

### **Matter 5: Inappropriate treatment of Foreign denominated equity component of compound financial instruments**

The Group recognised the conversion option of a foreign denominated instrument in equity. The conversion option fails the definition of an equity instrument as its value fluctuates based on foreign exchange movements. As such, the entire instrument should have been classified as a financial liability. The incorrect classification of this instrument resulted in equity being overstated by ZWL69 250 667 and liabilities being understated by approximately ZWL69 250 667 in prior year.

Consequently the, exchange gains/losses on the conversion option of foreign denominated instrument have been incorrectly recognized in Equity rather than as fair value through profit or loss. Therefore, fair value gain through profit or loss is understated by ZWL 49 319 026 on the current year inflation adjusted consolidated Statement of Profit or Loss and other comprehensive income. Management has not corrected the above issue, in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, and therefore the corresponding numbers remain misstated. Moreover, the group in current year incorrectly recognized the settlement of the equity component of the compound instrument directly in retained earnings, therefore profit and loss is understated by ZWL 24 648 105 as the settlement of the debt was recognized directly in Retained earnings.

### **Application of IAS29 - Financial Reporting in Hyperinflationary Economies**

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above.

Had the correct base numbers been used, the above specified elements would have been materially different. Consequently, Monetary Loss of ZWL163 295 557 (group) and 207 609 683 (company) is impacted. Our prior year audit report was also modified as a result of this matter.

The effects of the above departures from IFRS are material but not pervasive to the inflation adjusted financial statements.

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 company Inflation adjusted Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

## **Independent Auditor's Report (Continued)**

*Star Africa Corporation Limited*

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

### **Key Audit Matters**

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

### **Other information**

Other information consists of the Chairman's Statement, The Corporate Governance report, Directors' report, the Directors' Responsibility Statement and the Certificate by the Company Secretary but does not include the consolidated and company inflation adjusted financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Consolidated and Company inflation adjusted 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 company inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and company inflation adjusted 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 Group did not comply with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, requirements of IAS 21 *The Effects of Changes in Foreign Exchange Rates* and the application of IAS 29 - *Financial Reporting in Hyperinflationary Economies* on incorrect base numbers and incorrect start date, further inappropriate valuation of properties, consolidation of a foreign associate at incorrect exchange rates and incorrect accounting treatment for foreign denominated equity component of compound financial instruments. We have concluded that the other information is materially misstated for the same reasons.

### **Responsibilities of the Directors for the consolidated and Company Inflation Adjusted Financial Statements**

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

In preparing the consolidated and company inflation adjusted 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 Group or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report (Continued)

*Star Africa Corporation Limited*

### **Auditor's Responsibilities for the Audit of the consolidated and company Inflation Adjusted Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and company inflation adjusted 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 inflation adjusted 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 company inflation adjusted 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 consolidated inflation adjusted 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 consolidated and company inflation adjusted financial statements, including the disclosures, and whether the consolidated and company inflation adjusted 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.

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

## **Independent Auditor's Report (Continued)**

*Star Africa Corporation Limited*

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.

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, actions taken to eliminate threats or related safeguards applied.

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



**Ernst & Young**  
**Chartered Accountants (Zimbabwe)**  
**Registered Public Auditors**

**Harare**  
**21 July 2021**

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
		GROUP 2021 ZWL\$	2020 ZWL\$	COMPANY 2021 ZWL\$	2020 ZWL\$	GROUP 2021 ZWL\$	2020 ZWL\$	COMPANY 2021 ZWL\$	2020 ZWL\$
Revenue from contracts with customers	4	5 060 555 307	4 106 671 297	-	-	3 816 672 454	595 325 692	-	-
Rental income		20 728 895	13 395 163	-	-	16 225 204	1 890 944	-	-
<b>Revenue</b>		<b>5 081 284 202</b>	<b>4 120 066 460</b>	-	-	<b>3 832 897 658</b>	<b>597 216 636</b>	-	-
Cost of sales		(4 121 338 144)	(3 090 131 211)	-	-	(3 151 429 633)	(446 385 273)	-	-
<b>Gross profit</b>		<b>959 946 058</b>	<b>1 029 935 249</b>	-	-	<b>681 468 025</b>	<b>150 831 363</b>	-	-
Other income	6	224 840 676	20 704 277	-	-	197 015 934	5 015 971	-	-
Fair value adjustment on investment property	11	(53 433 655)	(47 810 444)	-	-	324 957 984	135 233 093	-	-
Investment income	12.1	-	-	131 603 151	81 790 045	-	-	107 671 592	13 771 552
Administrative expenses		(516 173 152)	(382 963 067)	-	(292 901)	(395 927 523)	(53 465 530)	-	(57 048)
<b>Operating profit</b>		<b>615 179 927</b>	<b>619 866 015</b>	<b>131 603 151</b>	<b>81 497 144</b>	<b>807 514 420</b>	<b>237 614 897</b>	<b>107 671 592</b>	<b>13 714 504</b>
Inventory impairment loss	6	(25 010 467)	-	-	-	(19 984 609)	-	-	-
Net finance costs	15.2	(60 207 214)	(85 013 459)	176 582	408 859	(45 069 322)	(10 464 571)	148 314	64 137
Exchange (loss)/gain		(201 256 261)	(492 092 250)	106 794 969	50 139 786	(200 605 081)	(143 268 359)	106 794 969	14 723 134
Share of profit of an associate	12.1	69 522 118	39 320 623	-	-	69 522 118	11 546 176	-	-
Monetary (loss)/gain		(163 295 557)	304 402 417	(207 609 683)	(1 246 318 831)	-	-	-	-
<b>Profit/(loss) before taxation</b>	<b>6</b>	<b>234 932 546</b>	<b>386 483 346</b>	<b>30 965 019</b>	<b>(1 114 273 042)</b>	<b>611 377 526</b>	<b>95 428 143</b>	<b>214 614 875</b>	<b>28 501 775</b>
Income tax	7.1	(125 269 467)	(200 609 532)	(40 325 791)	(21 774 387)	(114 386 759)	(29 189 415)	(44 294 476)	(6 393 869)
<b>Profit/(loss) for the year</b>		<b>109 663 079</b>	<b>185 873 814</b>	<b>(9 360 772)</b>	<b>(1 136 047 429)</b>	<b>496 990 767</b>	<b>66 238 728</b>	<b>170 320 399</b>	<b>22 107 906</b>
<b>Other comprehensive income</b>									
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</b>									
Exchange differences on translating foreign operations	12.1	156 251 845	158 337 950	-	-	156 251 845	46 494 631	-	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</b>		<b>(62 372 944)</b>	<b>(28 056 747)</b>	-	-	<b>355 300 638</b>	<b>154 910 723</b>	-	-
Revaluation of property, plant and equipment	10	(45 377 816)	(37 786 866)	-	-	509 385 598	205 779 388	-	-
Impairment of previously revalued asset	10	(37 476 785)	-	-	(37 413 443)	-	-	-	-
Tax on revaluation of property, plant and equipment		20 481 657	9 730 119	-	-	(116 671 517)	(50 868 665)	-	-
<b>Net other comprehensive income, net of tax</b>		<b>93 878 901</b>	<b>130 281 203</b>	-	-	<b>511 552 483</b>	<b>201 405 354</b>	-	-
<b>Total comprehensive income/(loss)</b>		<b>203 541 980</b>	<b>316 155 017</b>	<b>(9 360 772)</b>	<b>(1 136 047 429)</b>	<b>1 008 543 249</b>	<b>267 644 082</b>	<b>170 320 399</b>	<b>22 107 906</b>
<b>Profit/(loss) attributable to</b>									
Non-controlling interests		3 715 996	(3 737 670)	-	-	26 145 769	7 981 983	-	-
Equity holders of the parent		105 947 083	189 611 484	(9 360 772)	(1 136 047 429)	470 844 998	58 256 745	170 230 399	22 107 906
<b>Total comprehensive income/(loss) attributable to:</b>									
Non-controlling interests	12.3	3 715 996	(3 737 670)	-	-	26 145 769	7 981 983	-	-
Equity holders of the parent		199 825 984	319 892 687	(9 360 772)	(1 136 047 429)	982 397 480	259 662 099	170 320 399	22 107 906
<b>Earnings per share</b>									
Basic (cents)	9	2.20	3.94	-	-	9.79	1.21	-	-
Diluted (cents)	9	2.20	3.94	-	-	9.79	1.21	-	-

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.



# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
		GROUP		COMPANY		GROUP		COMPANY	
		2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
<b>ASSETS</b>									
<b>Non-current assets</b>									
Property, plant and equipment	10	851 065 984	1 093 981 540	-	-	588 211 803	252 592 746	-	-
Investment property	11	482 260 000	535 693 657	-	-	482 260 000	157 302 017	-	-
Investment in an associate	12.1	167 893 858	169 565 431	2 624 944	2 624 944	167 893 858	49 791 488	99 279	99 279
Investment in subsidiaries	12.2	-	-	491 181 160	491 181 160	-	-	18 577 144	18 577 144
		1 501 219 842	1 799 240 628	493 806 104	493 806 104	1 238 365 661	459 686 251	18 676 423	18 676 423
<b>Current assets</b>									
Inventories	13	316 847 106	411 961 420	-	-	306 258 158	112 503 613	-	-
Trade and other receivables	14.1	217 236 031	252 470 842	258 515 764	199 991 143	217 236 031	74 135 957	258 515 764	58 725 747
Prepayments and deposits	14.2	65 522 846	114 506 024	-	-	60 801 135	24 935 786	-	-
Cash and cash equivalents	15.4	231 620 225	166 575 277	30 274 106	70 596 575	231 620 225	48 913 454	30 274 106	20 730 101
		831 226 208	945 513 563	288 789 870	270 587 718	815 915 549	260 488 810	288 789 870	79 455 848
<b>TOTAL ASSETS</b>		<b>2 332 446 050</b>	<b>2 744 754 190</b>	<b>782 595 974</b>	<b>764 393 821</b>	<b>2 054 281 210</b>	<b>720 175 061</b>	<b>307 466 293</b>	<b>98 132 271</b>
<b>EQUITY AND LIABILITIES</b>									
<b>Equity attributable to equity holders</b>									
of the parent									
Issued capital	3	12 714 143	12 714 143	12 714 143	12 714 143	480 866	480 866	480 866	480 866
Share premium		1 527 219 360	1 527 219 360	1 527 219 360	1 527 219 360	57 761 526	57 761 526	57 761 526	57 761 526
Equity component of compound financial instruments	16.4	2 754 099	171 766 851	-	-	99 792	21 567 944	-	-
Revaluation and FCT reserves	5	93 878 901	-	-	-	761 638 552	250 086 069	29 221 409	29 221 409
Retained (loss)/earnings		(170 149 833)	(445 109 668)	(801 111 348)	(791 750 576)	472 313 781	(19 357 406)	176 228 674	5 908 275
<b>Equity attributable to equity holder of the parent</b>		<b>1 466 416 670</b>	<b>1 266 590 686</b>	<b>738 822 155</b>	<b>748 182 927</b>	<b>1 292 294 517</b>	<b>310 538 999</b>	<b>263 692 475</b>	<b>93 372 076</b>
Non-controlling interest	12.3	65 779 745	62 063 749	-	-	36 616 452	10 470 683	-	-
		1 532 196 415	1 328 654 435	738 822 155	748 182 927	1 328 910 969	321 009 682	263 692 475	93 372 076
<b>Non-current liabilities</b>									
Loans and borrowings	16.1	-	375 741 477	-	-	-	110 333 381	-	-
Deferred Taxation	18	275 224 505	267 094 308	26 399 716	12 394 556	200 345 111	61 769 421	26 399 716	3 639 559
		275 224 505	642 835 785	26 399 716	12 394 556	200 345 111	172 102 802	26 399 716	3 639 559
<b>Current liabilities</b>									
Payables and provisions	19.1	505 799 292	504 466 652	165 265	562 812	505 799 292	148 132 465	165 265	165 265
Short-term borrowings	16.2	1 342 302	191 061 360	-	-	1 342 302	56 103 590	-	-
Provision for tax	7.2	17 883 536	77 735 958	17 208 837	3 253 526	17 883 536	22 826 522	17 208 837	955 371
		525 025 130	773 263 970	17 374 102	3 816 338	525 025 130	227 062 577	17 374 102	1 120 636
<b>Total liabilities</b>		<b>800 249 635</b>	<b>1 416 099 755</b>	<b>43 773 818</b>	<b>16 210 894</b>	<b>725 370 241</b>	<b>399 165 379</b>	<b>43 773 818</b>	<b>4 760 195</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 332 446 050</b>	<b>2 744 754 190</b>	<b>782 595 974</b>	<b>764 393 821</b>	<b>2 054 281 210</b>	<b>720 175 061</b>	<b>307 466 293</b>	<b>98 132 271</b>

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.



J.S. Mutizwa  
CHAIRMAN

21 JULY 2021



R.V. Mutyiri  
CHIEF EXECUTIVE

21 JULY 2021

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	GROUP							
	Attributable to equity holders of the parent							
	Issued Capital (Note 3) ZWL\$	Share Premium (Note 3) ZWL\$	Non - distributable Reserve (Note 5) ZWL\$	Equity component of compound financial instruments (Note 16.4) ZWL\$	Accumulated Losses ZWL\$	Total ZWL\$	Non- controlling Interest ZWL\$	Total Equity ZWL\$
<b>INFLATION ADJUSTED</b>								
<b>Balance as at 31 March 2019 (Restated)</b>	12 714 143	1 527 219 360	-	117 636 185	(765 002 355)	892 567 333	65 801 419	958 368 752
Settlement of compound financial instruments (Note 16.4)	-	-	-	(7 765 340)	-	(7 765 340)	-	(7 765 340)
Total comprehensive income	-	-	130 281 203	61 896 007	189 611 484	381 788 694	(3 737 670)	378 051 023
Profit for the year	-	-	-	-	189 611 484	189 611 484	(3 737 670)	185 873 814
Other comprehensive income	-	-	130 281 203	61 896 007	-	192 177 209	-	192 177 209
Effects of application of IAS 29	-	-	(130 281 203)	-	130 281 203	-	-	-
<b>Balance as at 31 March 2020 (Audited)</b>	12 714 143	1 527 219 360	-	171 766 851	(445 109 668)	1 266 590 686	62 063 749	1 328 654 435
Total comprehensive income	-	-	93 878 901	(144 364 647)	250 311 730	199 825 984	3 715 996	203 541 980
Profit for the year	-	-	-	-	105 947 083	105 947 083	3 715 996	109 663 079
Other comprehensive income	-	-	93 878 901	(144 364 647)	144 364 647	93 878 901	-	93 878 901
Settlement of compound financial instruments (Note 16.4)	-	-	-	(24 648 105)	24 648 105	-	-	-
<b>Balance as at 31 March 2021 (Audited)</b>	12 714 143	1 527 219 360	93 878 901	2 754 099	(170 149 833)	1 466 416 670	65 779 745	1 532 196 415

	COMPANY			
	Share capital ZWL\$	Share Premium ZWL\$	Retained Earnings ZWL\$	Total ZWL\$
<b>Balance as at 31 March 2019 (Restated)</b>	12 714 143	1 527 219 360	344 296 853	1 884 230 356
Total comprehensive loss for the year	-	-	(1 136 047 429)	(1 136 047 429)
<b>Balance as at 31 March 2020 (Audited)</b>	12 714 143	1 527 219 360	(791 750 576)	748 182 927
Total comprehensive loss for the year	-	-	(9 360 772)	(9 360 772)
<b>Balance as at 31 March 2021 (Audited)</b>	12 714 143	1 527 219 360	(801 111 348)	738 822 155

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Attributable to equity holders of the parent							Total Equity
	Issued Capital	Share Premium	Non - distributable Reserve	component of compound financial instruments	Accumulated Losses	Total	Non-controlling Interest	
	(Note 3) ZWL\$	(Note 3) ZWL\$	(Note 5) ZWL\$	(Note 16.4) ZWL\$	ZWL\$	ZWL\$	ZWL\$	
<b>HISTORICAL</b>								
<b>Balance as at 31 March 2019 (audited)</b>	480 866	57 761 526	48 680 715	4 449 161	(77 614 151)	33 758 117	2 488 700	36 246 817
Settlement of compound financial instruments (Note16.4)	-	-	(1 056 468)	-	(1 056 468)	-	(1 056 468)	
Total comprehensive income	-	-	201 405 354	18 175 251	58 256 745	277 837 350	7 981 983	285 819 333
Profit for the year	-	-	-	-	58 256 745	58 256 745	7 981 983	66 238 728
Other comprehensive income	-	-	201 405 354	18 175 251	-	219 580 605	-	219 580 605
<b>Balance as at 31 March 2020 (unaudited)</b>	480 866	57 761 526	250 086 069	21 567 944	(19 357 406)	310 538 999	10 470 683	321 009 682
Total comprehensive income	-	-	511 552 483	(20 103 484)	490 948 482	982 397 481	26 145 769	1 008 543 250
Profit for the year	-	-	-	-	470 844 998	470 844 998	26 145 769	496 990 767
Other comprehensive income	-	-	511 552 483	(20 103 484)	20 103 484	511 552 483	-	511 552 483
Settlement of compound financial instruments (Note16.4)	-	-	-	(1 364 668)	722 705	(641 963)	-	(641 963)
<b>Balance as at 31 March 2021 (unaudited)</b>	480 866	57 761 526	761 638 552	99 792	472 313 781	1 292 294 517	36 616 452	1 328 910 969

	COMPANY				Total ZWL\$
	Share capital	Share Premium	Non - distributable Reserve	Retained Earnings	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
<b>Balance as at 31 March 2019</b>	480 866	57 761 526	29 221 409	(16 199 631)	71 264 170
Total comprehensive income for the year	-	-	-	22 107 906	22 107 906
<b>Balance as at 31 March 2020</b>	480 866	57 761 526	29 221 409	5 908 275	93 372 076
Total comprehensive income for the year	-	-	-	170 320 399	170 320 399
<b>Balance as at 31 March 2021</b>	480 866	57 761 526	29 221 409	176 228 674	263 692 475

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
		GROUP		COMPANY		GROUP		COMPANY	
		2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Notes									
<b>Operating activities</b>									
Cash generated / (used)in operations	15.3	462 766 223	358 337 147	(58 922 168)	1163 984 019	66 996190	28 906 775	(200 097 571)	(7 040 332)
Finance income received		176 582	408 859	176 582	408 859	148 314	64 137	148 314	64 137
Finance cost paid	16.3	(512 530)	(31 003 508)	-	-	(177 050)	(1 885 376)	-	-
Taxation paid	7.2	(89 937 370)	(11 990 067)	(6 580 158)	(10 541 134)	(73 791 592)	(2 184 769)	(5 280 853)	(2 040 787)
<b>Net cash generated from / (used in) operating activities</b>		<b>372 492 905</b>	<b>315 752 431</b>	<b>65 325 744</b>	<b>1 153 851 744</b>	<b>(6 824 138)</b>	<b>24 900 767</b>	<b>(205 230 110)</b>	<b>(9 016 982)</b>
<b>Investing activities</b>									
Acquisition of property, plant and equipment		(47 911 090)	(49 074 890)	-	-	(33 495 141)	(7 236 534)	-	-
Proceeds from disposal of property, plant and equipment		1 885 213	930 545	-	-	1 874 089	84 881	-	-
Dividends received from associate	12.1	131 603 151	81 790 045	131 603 151	81 790 045	107 671 592	13 771 552	107 671 592	13 771 552
<b>Net cash flows generated from investing activities</b>		<b>85 577 274</b>	<b>33 645 700</b>	<b>131 603 151</b>	<b>81 790 045</b>	<b>76 050 540</b>	<b>6 619 899</b>	<b>107 671 592</b>	<b>13 771 552</b>
<b>Financing activities</b>									
Payment of long-term loans	16.3	(77 644 962)	(59 024 906)	-	-	(63 971 488)	(10 623 674)	-	-
<b>Net cash flows used in financing activities</b>		<b>(77 644 962)</b>	<b>(59 024 906)</b>	<b>-</b>	<b>-</b>	<b>(63 971 488)</b>	<b>(10 623 674)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>380 425 217</b>	<b>290 373 226</b>	<b>66 277 407</b>	<b>1 235 641 789</b>	<b>5 254 914</b>	<b>20 896 992</b>	<b>(97 558 518)</b>	<b>4 754 570</b>
Net foreign exchange difference		(315 380 269)	(351 383 136)	(106 599 876)	(1 198 158 681)	177 451 856	19 408 879	107 102 523	14 723 134
Cash and cash equivalents at 1 April		166 575 277	227 585 187	70 596 575	33 113 467	48 913 454	8 607 583	20 730 101	1 252 397
<b>Cash and cash equivalents at 31 March</b>		<b>231 620 225</b>	<b>166 575 277</b>	<b>30 274 106</b>	<b>70 596 575</b>	<b>231 620 224</b>	<b>48 913 454</b>	<b>30 274 106</b>	<b>20 730 101</b>

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 1.1 CORPORATE INFORMATION

The consolidated financial statements of StarAfrica Corporation Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 21 July 2021. StarAfrica Corporation limited is a Limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded through the Zimbabwe Stock Exchange.

The Company is incorporated in Zimbabwe

## 1.2 Corporate Information

### Nature of business

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

### 1.3 (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 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 statement. 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 therefore did not conform to the requirements of IAS 21.

Subsequently on 24 June 2019 Statutory Instrument 142 introduced the Zimbabwean dollar (ZWL\$) which is at par with the RTGS dollar, that is to say each RTGS dollar is equivalent to a Zimbabwean Dollar. The financial statements have therefore been presented in the Zimbabwean dollar and all values have been rounded to the nearest ZWL unless otherwise stated.

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 International Accounting Standard (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 and 2021 financial Statements being different from that which the directors would have adopted if the Group had been able to fully comply with IFRS.

### 1.3 (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, an 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 185 of 2020 was promulgated which amended the exclusive use of Zimbabwe dollar for domestic transactions rules by allowing dual pricing and displaying, quoting and offering of prices for domestic goods and services. The SI 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 1.3 (b) Determination of functional currency (continued)

Given the context of the environment, management has assessed if there has been a change in the functional currency used by the Group. The assessment included consideration of whether the use of free funds in paying for goods and services may represent a change in functional currency. In doing so management considered parameters set in IAS 21 as follows:

- The currency that mainly influences the sales prices for goods and services
- The currency of the competitive forces and regulations that mainly determines the sales prices of goods and services.
- The currency that mainly influences labour, material and other costs of providing goods and services (normally the currency in which such costs are denoted and settled)
- The currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained.

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

## 1.3 (c) Statement of Compliance

Because of the items detailed in the above currency paragraph, the financial statements have not been prepared in conformity with the International Financial Reporting Standards (IFRS) specifically International Accounting Standard 21 (IAS 21), promulgated by the International Accounting Standards Board (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 accordance with the International Financial Reporting Standards (IFRS) as adopted by the Public Accountants and Auditor's Board (PAAB).

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

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies

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:

Dates	All Items CPI Indices	Conversion Factors
31 March 2021	2 759.8	1
31 March 2020	810.4	3.4055
31 March 2019	98.4	28.0601

The procedures applied in the above restatement of transactions and balances are as follows:

#### Revenue, operating expenses and exchange gains or losses

The Historical line items were segregated into monthly totals and then the applicable monthly conversion factor was applied.

#### Other income

Other income was segregated into the respective month in which it was accrued and then the applicable monthly conversion factor was applied.

#### Income Tax Expense

Income tax was segregated into the respective quarters and the applicable quarterly conversion factor was applied.

#### Gains of revaluation of property, plant, and equipment

The fair value measurements were determined at year end. These were calculated as the balancing figure between the hyperinflation adjusted opening balances and the closing balances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### Property, Plant and Equipment

Property, plant and equipment were restated at the 31 March 2020 conversion rate. Movements of additions and disposals were recalculated based on the date of the transactions. The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as a revaluation gain through other comprehensive income.

#### Investment Properties

Investment properties were restated at the 31 March 2020 conversion rate. Movements of additions and disposals were recalculated based on the date of the transactions. The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as a revaluation gain through other comprehensive income.

#### Investment in Associate

Investment in Associate represents a foreign investment in Botswana whose balance was not hyper-inflated but instead restated at the closing exchange rate between the Zimbabwean dollar (ZWL) and the Botswana pula (BWP).

#### Deferred Tax Liability

The closing balance was calculated based on the inflation adjusted balances of applicable assets and liabilities and the Historical tax basis.

#### Inventory

Inventories were inflation adjusted based on the applicable adjustment factor. The balance was aged from year end to approximate date of acquisition.

#### Trade receivables

The amounts are a monetary asset and hence were not inflation adjusted as at 31 March 2021. Comparatives were restated at the adjustment factor as at 31 March 2020.

#### Prepayments

The amounts are a non-monetary asset and the balance was inflation adjusted using the applicable adjustment factor on the date of payment. The resulting differences were accounted for as part of monetary gain in profit or loss.

#### Cash and bank

The amounts are a monetary asset and hence were not inflation adjusted as at 31 March 2021. Comparatives were restated at the adjustment factor as at 31 March 2020.

#### Trade payables

The amounts are a monetary liability and hence were not inflation adjusted as at 31 March 2021. Comparatives were restated at the adjustment factor as at 31 March 2020.

#### Provisions

Non-monetary provisions were hyper-inflated using the applicable monthly adjustment factors. The resulting differences were accounted for as part of the net monetary gain in profit or loss. Monetary provisions were not inflation adjusted as at 31 March 2021.

#### Loans and Borrowings

The amounts constitute a monetary liability and thus were not inflation adjusted as at 31 March 2021. Comparatives were restated at the adjustment factor as at 31 March 2020.

#### Revaluation Reserve

The opening revaluation reserve was eliminated against equity. The balance since then corresponded to recalculated gains on revaluation from hyperinflation adjusted PPE movements.

#### Other reserves

The opening balance was restated using the adjustment factor as at 31 March 2020. Movements from that date were recalculated using the adjustment factor at the date of the related movement. The opening reserves were eliminated against retained earnings.

#### Issued Capital

The opening balance was restated using the adjustment factor as at 31 March 2020. Movements from that date were recalculated using the adjustment factor at the date of the related movement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Statement of Cash flow

The amounts were segregated into the respective months in which the cash flows occurred, and the applicable monthly factor used to hyper-inflate the amount. Gain or losses on cash flows were included in non-cash items.

### Net monetary gain or loss

Gains and losses arising from net monetary position are included in the SOPL and in the SOCF as 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 International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The auditors have not expressed an opinion on the Historical cost information.

## 2.2 Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021.

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

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

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

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

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

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

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

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

## 2.3 Changes in significant accounting policies and disclosures

The Group applied for the first-time certain standards, interpretations, and amendments to standards, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The nature and the impact of each amendment are described below:

Several other amendments and interpretations applied for the first time in 2020, but did not have an impact on the consolidated and separate financial statements of the Group have not been disclosed.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Changes in significant accounting policies and disclosures (continued)

#### Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input, and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter any business combinations.

#### Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements.

#### Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

#### Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Group.

### 2.4 Significant accounting judgments, estimates and assumptions.

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

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

#### Operating lease commitments - Group as lessor

The Group entered into commercial property leases on its investment property portfolio. There is no transfer of ownership of the assets to lessees at the end of the period, the lease terms do not constitute major part of the economic life of the assets, no option of purchase nor secondary lease periods at lower consideration relative to fair value and market rentals respectively. The Group also bears the costs of both insurance and repairs and maintenance. It has determined therefore it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases in light of such terms and conditions.

#### Assets held for sale.

The classification of assets and disposal groups as held for sale involves judgment on whether the disposal will take place within the next 12 months for an asset or disposal group to be classified as held for sale per the requirements of IFRS 5- Non-current assets held for sale and discontinued operations. Management is continuing with its efforts to find a buyer for its investment in Tongaat Hulett Botswana but is of the view that the investment is not likely to be disposed of in the next 12 months. As a result, the investment has not been classified as an asset held for sale as at 31 March 2021.

#### Estimates and assumptions

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Significant accounting judgments, estimates and assumptions (continued)

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

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

#### ii. Revaluation of property and fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures property, plant and equipment at revalued amounts with changes in fair value being recognised in other comprehensive income.

Valuations rely on Historical market evidence for calculation inputs. This includes transaction prices for comparable properties, rents and capitalisation rates. The enactment of S.I 142 of June 2019 introduced the Zimbabwean dollar (ZWL) as the sole legal tender for all transactions in Zimbabwe exacerbated the price distortions of assets in the market. In as much as all assets have to be priced in the ZWL, generally the market has been quoting prices for sales and rentals in United States dollars (USD). Direct conversions of USD quoted prices to ZWL is subject to estimation uncertainty due to the highly volatile exchange rates.

The Group engaged independent valuation specialists, Dawn Properties, to determine fair values on entire properties held by the Group as at 31 March 2021. Valuation models in accordance with recommendations by the International Valuation Standards Committee have been applied. The key assumptions in coming up with fair values are future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Owing to the hyperinflationary environment there were two rent reviews systems that are being used on the market, some rentals were pegged in USD with either the official rate or the parallel rate being applied to establish the ZWL rentals or three month-based rentals in ZWL.

This has created some market distortions. The USD pegged rentals tend to keep up with the exchange rate movement whilst the un-pegged rentals have fallen behind by far. The property market is not only distorted but has no clear direction due the prevailing economic uncertainties. The revaluations for land and buildings were performed as at 31st of March 2021. United States dollar inputs, which were converted at the RBZ foreign currency auction rate on this date were used. The effective exchange rate used in this valuation process was US\$1:ZWL\$84.4001.

The users of the financial statements must therefore note that whilst management has taken the necessary steps in coming up with the fair valuation, significant judgements were applied in the current year because of the uncertainties resulting from the hyperinflationary economic environment, currency shifts, excessive market volatility and lack of recent transactions conducted in ZWL. The fair values of land and buildings and as well as the valuation techniques and assumptions are disclosed on Notes 10 and 11.

#### iii. Allowance for credit losses

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

The provision matrix is initially based on the Group's Historical observed default rates. The Group will calibrate the matrix to adjust the Historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation, gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the Historical default rates are adjusted. At every reporting date, the Historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between Historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's Historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and the carrying amount of receivables is disclosed in Note 23.

#### iv. Impairment of non-financial assets

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Significant accounting judgments, estimates and assumptions. (continued)

#### v. Taxes

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

#### vi. Variable returns

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates. The Group developed a statistical model for forecasting sales returns. The model used the Historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to Historical return pattern will impact the expected return percentages estimated by the Group. The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's Historical rebates entitlement and accumulated purchases to date. The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold.

The model uses the Historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to Historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 March 2021 there were no amounts recognised as either refund liabilities for the expected returns or volume rebates as the accumulated purchases to date for the eligible customers were not significant thereby making the resultant estimates for rebates and returns immaterial.

### 2.5 Summary of significant accounting policies

#### a) Foreign currency translations

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

#### i) Transactions and balances

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

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

#### ii) Group companies

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Summary of significant accounting policies (continued)

#### b) Revenue from contracts with customers

##### Accounting policy

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

##### Sale of goods

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

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

##### Variable consideration

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

##### • Rights of return

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

##### • Volume rebates

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

#### c) Interest income

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

#### d) Dividend income

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

#### e) Rental income

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

#### f) Cost of Sales

Cost of Sales is normally the carrying value of inventories sold and any net realisable value adjustments. The amount also includes depreciation of plant, wages. The Group also recognises costs related to rental of properties such as management fees in its cost of sales.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Summary of significant accounting policies (continued)

#### g) Taxes

##### Current income tax

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

##### Deferred tax

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

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

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

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

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

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

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

##### Value Added Tax (VAT)

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

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### h) Pensions and other post-employment benefits

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

#### i) Financial assets

##### Initial recognition and measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Summary of significant accounting policies (continued)

#### i) Financial assets (continued)

##### Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

##### Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)

##### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortised cost includes trade receivables, cash and cash equivalents and loans to related parties.

Further disclosures relating to impairment of financial assets are also provided under Trade receivables, Note 14.

##### Impairment of financial assets

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

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

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

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

##### Derecognition

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

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Summary of significant accounting policies (continued)

#### j) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

##### Subsequent measurement

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

##### Loans and borrowings

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

##### De-recognition of financial liabilities

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

##### Offsetting of financial instruments

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

#### k) Compound Financial Instruments

##### Initial recognition and measurement

Compound financial instruments issued by the Group comprise amounts payable to creditors under the Secondary Scheme of Arrangement with creditors that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

##### Subsequent measurement

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

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

#### l) Property, plant and equipment

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Summary of significant accounting policies (continued)

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

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

#### l) Property, plant and equipment

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

#### m) Leases

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

##### Group as a lessor

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

##### Group as a lessee

The Group is a lessee in contracts for use of pallets and mobile equipment. However, the contracts are of a short term nature and as such the Group has elected to apply the exemptions under paragraphs 5 and 6 of IFRS 16 that allow it to recognise the lease payments on a straight-line basis.

#### n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. During the current year there were no borrowing costs that were capitalised to qualifying assets.

#### o) Inventories

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

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

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

#### p) Cash and short-term deposits

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Summary of significant accounting policies (continued)

#### q) Investments

##### (q) (i) Investment in an associate

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

#### q) Investments

##### (q) (i) Investment in an associate

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

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

##### (q) (ii) Investment in subsidiary

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

#### r) Investment property

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

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

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

#### (s) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 2.4
- Property, plant and equipment Note 10

### 2.6 Standards and Interpretations in issue but not yet effective

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards, if applicable, when they become effective. The Group expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Group's financial position or performance in the period of initial application, but additional disclosures will be required. In cases where it will have an impact the Group is still assessing the possible impact.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its financial statements.

#### Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

#### Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Group is currently assessing the impact the amendments will have on its financial statements.

#### Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is currently assessing the impact the amendments will have on its financial statements.

#### IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have any impact on the Group.

#### IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 3 SHARE CAPITAL AND SHARE PREMIUM

3.1 Share Capital	INFLATION ADJUSTED		HISTORICAL	
	Audited 2021 ZWL\$	Restated 2020 ZWL\$	Unaudited 2021 ZWL\$	Unaudited 2020 ZWL\$
Authorised share capital			1 000 000	1 000 000
7 000 000 000 ordinary shares of ZWL\$0.0001 each			700 000	700 000
3 000 000 000 Redeemable, cumulative, convertible preference shares of ZWL\$0.0001			300 000	300 000
<b>Issued and fully paid share capital</b> (4 808 662 335 ordinary shares of ZWL\$0.0001)	<b>12 714 143</b>	<b>12 714 143</b>	<b>480 866</b>	<b>480 866</b>
<b>Unissued share capital</b>	<b>1 767 916</b>	<b>1 767 916</b>	<b>519 134</b>	<b>519 134</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 4 TOTAL REVENUE

### 4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue:

Year ended 31 March 2021	INFLATION ADJUSTED			HISTORICAL (UNAUDITED)		
	Food ZWL\$	Properties ZWL\$	Total ZWL\$	Food ZWL\$	Properties ZWL\$	Total ZWL\$
<b>Revenue Type</b>						
Purified sugar	4 420 283 223	-	4 420 283 223	3 378 700 354	-	3 378 700 354
Sugar specialties	640 272 084	-	640 272 084	437 972 100	-	437 972 100
Rentals -	20 728 895	20 728 895	-	-	16 225 204	16 225 204
<b>Total revenue</b>	<b>5 060 555 307</b>	<b>20 728 895</b>	<b>5 081 284 202</b>	<b>3 816 672 454</b>	<b>16 225 204</b>	<b>3 832 897 658</b>
<b>Geographical markets</b>						
Zimbabwe	4 968 988 832	20 728 895	4 989 717 727	3 763 629 549	16 225 204	3 779 854 753
South Africa	88 953 562	-	88 953 562	51 885 546	-	51 885 546
Democratic Republic of Congo	1 397 083	-	1 397 083	737 359	-	737 359
Botswana	1 215 830	-	1 215 830	420 000	-	420 000
<b>Total revenue</b>	<b>5 060 555 307</b>	<b>20 728 895</b>	<b>5 081 284 202</b>	<b>3 816 672 454</b>	<b>16 225 204</b>	<b>3 832 897 658</b>
Goods transferred at a point in time	5 060 555 307	-	5 060 555 307	3 816 672 454	-	3 816 672 454
Services rendered over time	-	20 728 895	20 728 895	-	16 225 204	16 225 204
<b>Total revenue</b>	<b>5 060 555 307</b>	<b>20 728 895</b>	<b>5 081 284 202</b>	<b>3 816 672 454</b>	<b>16 225 204</b>	<b>3 832 897 658</b>

Year ended 31 March 2020	INFLATION ADJUSTED			HISTORICAL (UNAUDITED)		
	Food ZWL\$	Properties ZWL\$	Total ZWL\$	Food ZWL\$	Properties ZWL\$	Total ZWL\$
<b>Revenue Type</b>						
Purified sugar	3 729 527 914	-	3 729 527 914	523 131 090	-	523 131 090
Sugar specialties	377 143 383	-	377 143 383	72 194 602	-	72 194 602
Rentals -	-	13 395 163	13 395 163	-	1 890 944	1 890 944
<b>Total revenue</b>	<b>4 106 671 297</b>	<b>13 395 163</b>	<b>4 120 066 460</b>	<b>595 325 692</b>	<b>1 890 944</b>	<b>597 216 636</b>
<b>Geographical markets</b>						
Zimbabwe	3 921 321 561	13 395 163	3 934 716 724	563 949 670	1 890 944	565 840 614
South Africa	144 615 636	-	144 615 636	24 610 864	-	24 610 864
Namibia	31 090 144	-	31 090 144	5 435 407	-	5 435 407
Democratic Republic of Congo	4 685 713	-	4 685 713	576 987	-	576 987
Botswana	4 958 243	-	4 958 243	752 764	-	752 764
<b>Total revenue</b>	<b>4 106 671 297</b>	<b>13 395 163</b>	<b>4 120 066 460</b>	<b>595 325 692</b>	<b>1 890 944</b>	<b>597 216 636</b>
Goods transferred at a point in time	4 106 671 297	-	4 106 671 297	595 325 692	-	595 325 692
Services rendered over time	-	13 395 163	13 395 163	-	1 890 944	1 890 944
<b>Total revenue</b>	<b>4 106 671 297</b>	<b>13 395 163</b>	<b>4 120 066 460</b>	<b>595 325 692</b>	<b>1 890 944</b>	<b>597 216 636</b>

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

Year ended 31 March 2021	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	AUDITED GROUP		RESTATE COMPANY		UNAUDITED GROUP		UNAUDITED COMPANY	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
REVENUE								
EXTERNAL CUSTOMERS	5 060 555 307	20 728 895	4 106 671 297	13 395 163	3 816 672 454	16 225 204	595 325 692	1 890 944
INTER-SEGMENT	608 905 517	213 228	465 286 462	1 524 351	384 693 189	143 460	67 134 305	143 460
	<b>5 669 460 824</b>	<b>20 942 123</b>	<b>4 571 957 759</b>	<b>14 919 514</b>	<b>4 201 365 643</b>	<b>16 368 664</b>	<b>662 459 997</b>	<b>2 034 404</b>
INTER-SEGMENT ADJUSTMENTS AND ELIMINATIONS	(608 905 517)	(213 228)	(465 286 462)	(1 524 351)	(384 693 189)	(143 460)	(67 134 305)	(143 460)
<b>Total revenue</b>	<b>5 060 555 307</b>	<b>20 728 895</b>	<b>4 106 671 297</b>	<b>13 395 163</b>	<b>3 816 672 454</b>	<b>16 225 204</b>	<b>595 325 692</b>	<b>1 890 944</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 5 NON-DISTRIBUTABLE RESERVES

	Foreign currency translation reserve ZWL\$	Foreign currency conversion reserve ZWL\$	GROUP Asset revaluation reserve ZWL\$	Functional Currency reserve ZWL\$	TOTAL ZWL\$
<b>INFLATION ADJUSTED</b>					
<b>Balance at 31 March 2019</b>	-	-	-	-	-
Revaluation of land and buildings	-	-	(37 786 866)	-	(37 786 866)
Deferred tax on revaluation of property and plant	-	-	9 730 119	-	9 730 119
Foreign currency translation reserve	158 337 950	-	-	-	158 337 950
Effect of adoption of IAS29	(158 337 950)	-	28 056 747	-	(130 281 203)
<b>Balance at 31 March 2020</b>	-	-	-	-	-
Revaluation loss on property, plant and equipment	-	-	(45 377 816)	-	(45 377 816)
Impairment of an asset previously revalued	-	-	(37 476 785)	-	(37 476 785)
Deferred tax on revaluation of property and plant	-	-	20 481 657	-	20 481 657
Foreign currency translation	156 251 845	-	-	-	156 251 845
<b>Balance at 31 March 2021</b>	<b>156 251 845</b>	-	<b>(62 372 944)</b>	-	<b>93 878 901</b>

	Foreign currency translation reserve ZWL\$	Foreign currency conversion reserve ZWL\$	GROUP Asset revaluation reserve ZWL\$	Functional Currency reserve ZWL\$	TOTAL ZWL\$
<b>HISTORICAL</b>					
<b>Balance at 31 March 2019</b>	<b>(817 964)</b>	<b>(8 775 320)</b>	<b>39 991 519</b>	<b>18 282 480</b>	<b>48 680 715</b>
Revaluation of land and buildings	-	-	205 779 388	-	205 779 388
Deferred tax on revaluation of property and plant	-	-	(50 868 665)	-	(50 868 665)
Foreign currency translation	46 494 631	-	-	-	46 494 631
<b>Balance at 31 March 2020</b>	<b>45 676 667</b>	<b>(8 775 320)</b>	<b>194 902 242</b>	<b>18 282 480</b>	<b>250 086 069</b>
Revaluation of property, plant and equipment	-	-	509 385 598	-	509 385 598
Impairment of an asset previously revalued	-	-	(37 413 443)	-	(37 413 443)
Deferred tax on revaluation of property and plant	-	-	(116 671 517)	-	(116 671 517)
Foreign currency translation	156 251 845	-	-	-	156 251 845
<b>Balance at 31 March 2021</b>	<b>201 928 512</b>	<b>(8 775 320)</b>	<b>550 202 880</b>	<b>18 282 480</b>	<b>761 638 552</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 5 NON-DISTRIBUTABLE RESERVES (CONTINUED)

### Nature and purpose of reserve

#### Foreign currency translation reserve

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

#### Foreign currency conversion reserve

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

#### Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of property and plant and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity. A revaluation was carried out as at 31 March 2021 (refer to note 10).

#### Functional currency reserve

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

## 6 PROFIT/(LOSS) BEFORE TAXATION

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
<b>Profit or (loss) before tax is stated after charging/(crediting) the following items:</b>								
Other Income	(224 840 676)	(20 704 277)	-	-	(197 015 934)	(5 015 971)	-	-
(Profit) / Loss on disposal of property, plant and equipment	(34 364 226)	1 716 752	-	-	(1 827 607)	(73 709)	-	-
Debt restructuring gains	(122 849 086)	(33 985 925)	-	-	(139 088 505)	(4 665 687)	-	-
Other operating expenses	-	16 066 078	-	-	-	1 054 840	-	-
Other sundry income	(25 192 004)	(4 501 182)	-	-	(17 408 497)	(1 331 415)	-	-
Proceeds from insurance claims	(42 435 360)	-	-	-	(38 691 325)	-	-	-
Depreciation	35 124 583	35 386 230	-	-	6 414 410	2 953 883	-	-
Impairment losses on burnt raw sugar warehouse	25 010 467	126 375	-	-	19 984 609	29 313	-	-
- Inventory write-down	23 667 513	126 375	-	-	19 590 261	29 313	-	-
- Impairment of raw sugar warehouse burnt	1 342 954	-	-	-	394 348	-	-	-
Fair value adjustment on Investment property	53 433 655	47 810 444	-	-	(324 957 984)	(135 233 093)	-	-
Allowance/(reversal) for expected credit losses	(3 080 073)	2 001 800	-	-	3 616 139	587 812	-	-
Auditors' remuneration	9 360 000	10 642 220	-	-	9 360 000	3 125 000	-	-
Salaries and employee benefits	244 673 166	169 714 037	-	-	195 341 843	25 052 997	-	-
Employee wages and salaries	241 932 729	167 781 543	-	-	193 206 085	24 820 904	-	-
Defined contribution plan (National Social Security Authority)	2 740 437	1 932 494	-	-	2 135 758	232 093	-	-
Directors' emoluments:								
Fees	22 885 121	4 904 630	-	-	19 066 291	627 793	-	-
Pension	19 248	9 372	-	-	6 222	882	-	-
Salaries and other benefits	49 015 002	19 181 251	-	-	32 977 328	2 691 965	-	-

### 6.1 Other Income

Other income includes profit on disposal of scrap metal sales and weighbridge income

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 6 PROFIT /(LOSS) BEFORE TAXATION

### 6.2 Debt restructuring gains and costs

Over the course of the financial year, management concluded agreements with some of its foreign currency denominated creditors where the balance due was negotiated downwards resulting in gains being made by the Group. The Company also agreed to an out-of-court settlement with Sivnet for an amount of USD1,850,000 in full and final settlement of the claim that Sivnet had made.

The net restructuring income shown in the statement of comprehensive income comprises of the following;

	INFLATION ADJUSTED GROUP		HISTORICAL (UNAUDITED) GROUP	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Net debt restructuring income				
Dupont debt restructuring gain	275 277 291	-	275 277 291	-
Intermarket debt restructuring gain	82 395 156	-	81 632 204	-
Stanbic Zambia debt restructuring gain	-	33 985 925	-	4 665 687
<b>Total Debt restructuring gains</b>	<b>357 672 447</b>	<b>33 985 925</b>	<b>356 909 495</b>	<b>4 665 687</b>
Debt restructuring costs	(37 712 421)	-	(36 605 036)	-
Loss on Mackintosh debt restructuring	(197 110 940)	-	(181 215 954)	-
<b>Total debt restructuring losses</b>	<b>(234 823 361)</b>	<b>-</b>	<b>(217 820 990)</b>	<b>-</b>
<b>Net debt restructuring gain (Note 6)</b>	<b>122 849 086</b>	<b>33 985 925</b>	<b>139 088 505</b>	<b>4 665 687</b>

## 7 TAXATION

	INFLATION ADJUSTED GROUP COMPANY				HISTORICAL (UNAUDITED) GROUP COMPANY			
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
<b>7.1 Income tax</b>								
Current year	39 164 632	74 548 050	-	-	39 164 632	21 890 419	-	-
Tax on foreign dividends	26 320 631	9 379 831	26 320 631	9 379 831	21 534 318	2 754 310	21 534 318	2 754 310
Value Added Tax on disposed property	28 338 522	-	-	-	23 633 985	-	-	-
Capital gains tax	9 771 904	-	-	-	8 149 650	-	-	-
Deferred tax	21 673 778	116 681 651	14 005 160	12 394 556	21 904 174	4 544 686	22 760 158	3 639 559
Movement in temporary differences	21 673 778	110 291 507	14 005 160	12 394 556	21 904 174	4 303 002	22 760 158	3 639 559
Effect of tax rate change	-	6 390 144	-	-	-	241 684	-	-
	<b>125 269 467</b>	<b>200 609 532</b>	<b>40 325 791</b>	<b>21 774 387</b>	<b>114 386 759</b>	<b>29 189 415</b>	<b>44 294 476</b>	<b>6 393 869</b>
<b>7.2 Tax payable reconciliation</b>								
Opening balance at 1 April	77 735 958	9 049 255	3 253 526	6 394 486	22 826 522	342 255	955 371	241 848
Current tax charge	39 164 632	74 548 050	-	-	39 164 632	21 890 419	-	-
Tax on foreign dividends charge	26 320 631	9 379 831	26 320 631	9 379 831	21 534 318	2 754 310	21 534 318	2 754 310
Capital Gains Tax	9 771 904	-	-	-	8 149 650	-	-	-
Prior years (over) / under provision	-	82 790	-	-	-	24 307	-	-
Monetary gain	(45 172 219)	(3 333 901)	(6 981 740)	(1 979 657)	-	-	-	-
Tax paid	(89 937 370)	(11 990 067)	(5 383 580)	(10 541 134)	(73 791 586)	(2 184 769)	(5 280 852)	(2 040 787)
<b>Closing balance at 31 March</b>	<b>17 883 536</b>	<b>77 735 958</b>	<b>17 208 837</b>	<b>3 253 526</b>	<b>17 883 536</b>	<b>22 826 522</b>	<b>17 208 837</b>	<b>955 371</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 8 RECONCILIATION OF RATE OF TAX

	INFLATION ADJUSTED				HISTORICAL			
	GROUP		COMPANY		GROUP		COMPANY	
	2021 ZWL\$ %	2020 ZWL\$ %	2021 ZWL\$ %	2020 ZWL\$ %	2021 ZWL\$ %	2020 ZWL\$ %	2021 ZWL\$ %	2020 ZWL\$ %
Standard rate	24.72	25.75	24.72	25.75	24.72	25.75	24.72	25.75
Adjusted for:								
Foreign dividends taxed at different rates	11.20	4.23	-	-	3.52	2.89	-	-
Capital gains tax at different rate	3.37				1.60			
Property disposal VAT at different rate	10.06				4.64			
Share of profit from associate	(7.32)	(2.62)	-	-	(2.81)	(3.12)	-	-
Associate income taxed at source	-	-	(24.44)	0.42	-	-	(2.88)	(2.78)
Utilisation of unrecognised tax losses	-	(2.63)	-	-	-	(3.13)	-	-
Non-deductible finance costs	6.27	0.85	-	(0.01)	0.10	0.45	-	-
Non-deductible expenses	38.86	4.57	-	0.01	0.63	8.78	-	0.05
Exempt income	(16.76)	(1.58)	(0.14)	-	(11.53)	(1.28)	(1.20)	(0.06)
Monetary gain / (loss)	(17.18)	21.69	(130.09)	(28.18)	-	-	-	-
Effect of tax rate change	-	1.65	-	0.05	-	0.25	-	(0.53)
<b>Effective rate of taxation</b>	<b>53.32</b>	<b>51.91</b>	<b>(130.23)</b>	<b>(1.96)</b>	<b>18.71</b>	<b>30.59</b>	<b>20.64</b>	<b>22.43</b>

Non-deductible expenses include donations, fines and penalties, excess management fees, expenses of a capital nature and disallowed interest. Exempt income comprises of a loan write down and interest receivable taxed at source.

## 9 EARNINGS / (LOSS) PER SHARE

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

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Net Profit/(loss) attributable to equity holders of the parent	169 886 357	189 611 484	502 995 487	58 256 745
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

As at 31 March 2021 the actual shares in issue were 4 808 662 335 and these were used for calculation of profit per share as no shares were subscribed during the year.

Shares used for computation of diluted earnings per share were the same as those for basic earnings per share because the incremental impact of a potential 654 163 shares from outstanding Scheme creditors who have conversion rights is anti-dilutive. The test for dilutive effect was done using the "if converted" method which compared the impact of conversion (assuming it took place on 1 April 2020) on earnings (net of tax) ZWL\$420 023 302 against the potential ordinary shares there from 4 809 316 498 shares). The result was anti-dilutive as the incremental earnings per share was higher than the basic earnings per share. The Group then had to disregard the potential ordinary shares in the computation of diluted earnings per share. In prior year potentially dilutive shares were also disregarded as they had an anti-dilutive effect on the profit per share.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 9 EARNINGS / (LOSS) PER SHARE (CONTINUED)

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

Earnings Per Share		INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
		2021	2020	2021	2020
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>9.1 Basic earnings per share</b>					
Profit attributable to equity holders of the parent		105 947 083	189 611 484	470 844 998	58 256 745
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)		2.20	3.94	9.79	1.21
<b>9.2 Diluted earnings per share</b>					
Profit attributable to equity holders of the parent		105 947 083	189 611 484	470 844 998	58 256 745
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)		2.20	3.94	9.79	1.21
<b>9.3 Headline earnings per share</b>					
Headline earnings		239 862 923	643 937 917	346 729 481	77 932 534
Weighted average number of ordinary shares in issue		4 808 662 335	4 808 662 335	4 808 662 335	4 808 662 335
Headline earnings per share (cents)		4.99	13.39	7.21	1.62
Reconciliation of earnings used in calculating earnings per share					
Profit Attributable to equity holders of the Group		105 947 083	189 611 484	470 844 998	58 256 745
Adjusted for:					
Insurance proceeds		(42 435 360)	-	(38 691 325)	-
Fair value gain on investment properties		53 433 655	47 810 444	(324 957 984)	(135 233 093)
Loss /(profit) on sale of property, plant and equipment		(34 364 226)	1 716 752	(1 827 607)	(73 709)
Exchange (gain) / loss net of dilution losses on equity-accounted investments		201 256 261	492 092 250	200 605 081	143 268 359
Dilution (gains)/ Losses on equity-accounted investments		-	61 896 007	-	18 175 251
<b>Adjusted earnings</b>		<b>283 837 412</b>	<b>793 126 936</b>	<b>305 973 163</b>	<b>84 393 553</b>
Total tax effect on adjustments		(43 974 490)	(149 189 020)	40 756 317	(6 461 019)
<b>Headline earnings</b>		<b>239 862 923</b>	<b>643 937 917</b>	<b>346 729 481</b>	<b>77 932 534</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 10 PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED	GROUP					Total ZWL\$
	Land and Buildings ZWL\$	Plant and Machinery ZWL\$	Commercial vehicles ZWL\$	Passenger motor vehicles ZWL\$	Furniture & equipment ZWL\$	
<b>Cost / Valuation</b>						
<b>Balance at 1 April 2019</b>	886 175 517	508 309 055	89 272	707 801	12 627 994	1 407 909 639
Additions	-	39 773 569	-	-	9 301 321	49 074 890
Disposals	-	(5 698 975)	-	-	(34 464)	(5 733 439)
Revaluation of property	(80 772 305)	-	-	-	-	(80 772 305)
<b>Balance at 1 April 2020</b>	805 403 212	542 383 649	89 272	707 801	21 894 851	1 370 478 785
Additions	550 403	42 178 729	-	1 150 698	4 031 260	47 911 090
Disposals	(171 281 622)	(3 789 960)	-	(634 562)	-	(175 706 144)
Impairment charged to Profit and Loss and OCI (Note 10.1)	(39 049 111)	-	-	-	-	(39 049 111)
Revaluation of property	(54 102 882)	-	-	-	-	(54 102 882)
	541 520 000	580 772 418	89 272	1 223 937	25 926 111	1 149 531 738
<b>Accumulated depreciation</b>						
<b>Balance at 1 April 2019</b>	29 796 255	251 750 372	89 272	493 387	4 566 166	286 695 452
Depreciation charge for the period	13 189 188	19 486 279	-	141 560	2 569 203	35 386 230
Depreciation reversal on revaluation	(42 985 443)	-	-	-	-	(42 985 442)
Disposals	-	(2 564 530)	-	-	(34 464)	(2 598 994)
<b>Balance at 1 April 2020</b>	-	268 672 121	89 272	634 947	7 100 905	276 497 245
Depreciation charge for the period	9 960 541	21 820 906	-	318 213	3 024 923	35 124 583
Depreciation reversal on revaluation	(8 725 067)	-	-	-	-	(8 725 067)
Disposals	(1 006 101)	(2 560 972)	-	(634 561)	-	(4 201 634)
Depreciation reversal on impairment	(229 373)	-	-	-	-	(229 373)
	-	287 932 055	89 272	318 599	10 125 828	298 465 754
<b>Carrying amount as at 31 March 2021</b>	541 520 000	292 840 363	-	905 338	15 800 283	851 065 984
Cost/Valuation	541 520 000	581 367 320	89 272	1 541 218	25 926 111	1 149 531 738
Accumulated depreciation and impairment losses	-	(288 526 957)	(89 272)	(635 880)	(10 125 828)	(298 465 754)
<b>Carrying amount as at 31 March 2020</b>	805 403 212	273 711 528	-	72 854	14 793 946	1 093 981 540
Cost/Valuation	805 403 212	542 383 649	89 272	707 801	21 894 851	1 370 478 785
Accumulated depreciation	-	(268 672 121)	(89 272)	(634 947)	(7 100 905)	(276 497 245)
<b>HISTORICAL</b>						
<b>Cost / Valuation</b>						
<b>Balance at 1 April 2019</b>	33 516 371	19 224 944	3 376	26 770	477 608	53 249 069
Additions	-	6 425 693	-	-	810 842	7 236 535
Disposals	-	(215 572)	-	-	(1 303)	(216 875)
Revaluation of property	202 983 629	-	-	-	-	202 983 629
<b>Balance at 1 April 2020</b>	236 500 000	25 435 065	3 376	26 770	1 287 147	263 252 358
Additions	439 800	30 740 199	-	744 845	1 570 297	33 495 141
Disposals	(163 493 000)	(120 841)	-	(24 000)	-	(163 637 841)
Impairment charged to Profit and Loss and OCI (Note 10(a))	(37 913 451)	-	-	-	-	(37 913 451)
Revaluation of property	505 986 651	-	-	-	-	505 986 651
	541 520 000	56 054 423	3 376	747 615	2 857 444	601 182 858
<b>Accumulated depreciation</b>						
<b>Balance at 1 April 2019</b>	1 126 935	9 521 544	3 376	18 661	172 699	10 843 215
Depreciation charge for the period	1 912 252	881 196	-	4 452	155 981	2 953 881
Depreciation reversal on revaluation	(3 039 187)	-	-	-	-	(3 039 187)
Disposals	-	(96 994)	-	-	(1 303)	(98 297)
<b>Balance at 1 April 2020</b>	-	10 305 746	3 376	23 113	327 377	10 659 612
Depreciation charge for the period	4 004 607	1 722 401	-	109 716	577 686	6 414 410
Depreciation reversal on revaluation	(3 398 947)	-	-	-	-	(3 398 947)
Disposals	(500 000)	(74 360)	-	(24 000)	-	(598 360)
Depreciation reversal on impairment	(105 660)	-	-	-	-	(105 660)
	-	11 953 787	3 376	108 829	905 063	12 971 055
<b>Carrying amount as at 31 March 2021</b>	541 520 000	44 100 636	-	638 786	1 952 381	588 211 803
Cost/Valuation	541 520 000	56 054 423	3 376	747 615	2 857 444	601 182 858
Accumulated depreciation and impairment losses	-	(11 953 787)	(3 376)	(108 829)	(905 063)	(12 971 055)
<b>Carrying amount as at 31 March 2020</b>	236 500 000	15 129 319	-	3 657	959 770	252 592 747
Cost/Valuation	236 500 000	25 435 065	3 376	26 770	1 287 147	263 252 359
Accumulated depreciation and impairment losses	-	(10 305 746)	(3 376)	(23 113)	(327 377)	(10 659 612)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 10 (a) Reconciliation of Impairment loss to the Statement of Profit and Loss and Other Comprehensive Income

GROUP	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Impairment loss on raw sugar warehouse Recognised through statement of profit and loss (as per note 6)	1 342 954	-	394 348	-
Depreciation reversal on impairment per note 10 above	229 373	-	105 660	-
Impairment charged to Profit and Loss and OCI	37 476 785	-	37 413 443	-
	-	-	-	-
As per note 10 above	39 049 112	-	37 913 451	-

\*The additions made in the year ended 31 March 2021 include machinery that had been acquired before year end on credit basis amounting to ZWL\$439,800 (historical) and ZWL\$550,406 (inflation adjusted).

#### 10.1 Impairment assessment

In assessing for impairment management considers financial indicators which include:

Net current position – Group was in a net current position

Cash flows – The Group has continued to create positive cash flows

Reliance on short-term-borrowings – not the case with the Group. Gearing has reduced significantly in the current year

Forecast of negative cash flows – not the case with the Group

Slow collections from debtors – not the case with the Group. The debtors collection days have actually reduced in the current year.

#### Operational indicators

Level of production – The Group had a decline in production from 65 568 tonnes recorded in 2019 to 59 818 which is however attributable mainly to perennial power cuts, intermittent water supply and a 3-week total shutdown of operations that occurred between July and August 2020 as a risk mitigation measure that the Company took after some employees had tested positive for Covid-19. The company has been working on several interventions (detailed under note 25 and 26 to ensure uninterrupted production because of the Covid-19 pandemic, power, and water shortages.

In determining the recoverable amount of the plant, management relied on the fair value as determined by an independent professional valuer. In determining the fair value, the following was taken into account;

The value of acquiring and installing a new or a modern substitute asset having the same productive capacity as that existing

Depreciation according to age, obsolescence, use and condition

An estimate of the remaining useful life by considering the below;

Physical conditions – these include but are not limited to rust, corrosion, stress, cracks and unusual sound.

Obsolescence

Age

Usage

Level of maintenance.

Following the assessment conducted management concluded that the plant is not impaired.

#### 10.2 Property provided as security

In the current year the Group did not have any property that had been provided as security with respect to loans (2020 : ZWL\$302 239 049 million)

#### 10.3 Revaluation of property, plant and equipment

The Group carries land and buildings at fair value less accumulated depreciation and impairment, and the rest of property, plant and equipment is carried at cost less accumulated depreciation and impairment. The revalued property consists of commercial stands, warehouses, residential and industrial buildings in Zimbabwe. Fair value of the properties was determined by using market comparable method and the implicit investment method. The difference between the carrying amount as at 31 March 2020 and the fair value as at 31 March 2021 was deemed to be the revaluation in ZWL terms and was classified under other comprehensive income.

At date of revaluation, 31 March 2021, the properties' fair values were determined by Dawn Properties Consultants, an accredited independent valuer. The valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 10.3 Revaluation of property, plant and equipment (continued)

The reintroduction of the Zimbabwe dollar (ZWL) through Statutory Instrument 142 of 2019 effective 24 June 2019 has led to the demonetisation of the Multiple Currency Regime. The key inputs for the valuation of non-residential investment property are the rental income and the capitalisation rate. No trends for ZWL rents have yet been established as yet. The valuation performed relied on US dollar inputs and used the RBZ foreign currency auction rate of USD1 : ZWL\$84.4001 as at 31 March 2021 to convert US\$ inputs to arrive at the ZWL values. The inputs used as at 31 March 2021 fair value measurement, including the ranges of rent charged to different units are as below:

	Valuation technique	Significant unobservable input
Industrial	Implicit Investment	Rental per square metre ZWL\$84.00 – ZWL\$380.00 (2020: ZWL\$25.00 – ZWL\$75.00)
Residential / Vacant Land	Comparable method	Main Space Equivalent (MSE) factor and Land price/ square metre

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

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 the market comparable method and the implicit investment method. The difference between the carrying amount as at 31 March 2019 and the fair value as at 31 March 2020 was deemed to be the revaluation in ZWL terms and was classified under other comprehensive income.

At date of revaluation, 31 March 2020, the properties' fair values were determined by Dawn Properties Consultants, an accredited independent valuer. The valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

The reintroduction of the Zimbabwe dollar (ZWL) through Statutory Instrument 142 of 2019 effective 24 June 2019 has led to the demonetisation of the Multiple Currency Regime. The key inputs for the valuation of non-residential investment property are the rental income and the capitalisation rate. No trends for ZWL rents have yet been established as yet. We have relied on US\$ inputs and we have used the interbank foreign exchange rate of 25.00 as at 31 March 2020 (RBZ Mid-rate) to convert US\$ inputs to arrive at the ZWL values. The inputs used as at 31 March 2020 fair value measurement, including the ranges of rent charged to different units are as below:

	Valuation technique	Significant unobservable input
Industrial	Implicit Investment	Rental per square metre ZWL\$25.00 -75.00 (2019: ZWL\$75.00 - 112.50)
Residential / Vacant Land	Comparable method	Main Space Equivalent (MSE) factor and Land price/ square metre

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 10.3 Revaluation of property, plant and equipment (continued)

#### Fair Value Hierarchy

The following table shows an analysis of the fair values of owner-occupied properties recognised in the statement of financial position by level of the fair value hierarchy;

	INFLATION ADJUSTED		HISTORICAL	
	Audited 2021 ZWL\$	Restated 2020 ZWL\$	Unaudited 2021 ZWL\$	Unaudited 2020 ZWL\$
	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
Fair value measurement using				
Industrial	525 560 000	787 524 282	525 560 000	231 250 000
Vacant Commercial Stands (Land)	15 960 000	17 878 930	15 960 000	5 250 000
<b>Total</b>	<b>541 520 000</b>	<b>805 403 212</b>	<b>541 520 000</b>	<b>236 500 000</b>

	INFLATION ADJUSTED		HISTORICAL	
	Audited 2021 ZWL\$	Restated 2020 ZWL\$	Unaudited 2021 ZWL\$	Unaudited 2020 ZWL\$
Reconciliation of fair value:				
<b>As at 1 April</b>	805 403 212	856 379 262	236 500 000	32 389 436
Remeasurement recognised in profit or loss	(218 505 396)	(13 189 184)	(204 365 598)	(1 668 824)
Remeasurement recognised in other comprehensive income	(45 377 816)	(37 786 866)	509 385 598	205 779 388
<b>As at 31 March</b>	<b>541 520 000</b>	<b>805 403 212</b>	<b>541 520 000</b>	<b>236 500 000</b>

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

Cost	838 905 112	838 905 112	31 728 540	31 728 540
Accumulated depreciation	(50 692 232)	(33 914 130)	(1 917 250)	(1 282 679)
<b>Net carrying amount</b>	<b>788 212 880</b>	<b>804 990 982</b>	<b>29 811 290</b>	<b>30 445 861</b>

## 11 INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL	
	Audited 2021 ZWL\$	Restated 2020 ZWL\$	Unaudited 2021 ZWL\$	Unaudited 2020 ZWL\$
<b>Balance at 1 April</b>	<b>535 693 655</b>	<b>583 504 101</b>	<b>157 302 016</b>	<b>22 068 924</b>
Fair value adjustment	(53 433 655)	(47 810 444)	324 957 984	135 233 093
<b>Balance at 31 March</b>	<b>482 260 000</b>	<b>535 693 657</b>	<b>482 260 000</b>	<b>157 302 017</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 11 INVESTMENT PROPERTY (CONTINUED)

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

- Investment Property with a value of ZWL\$nil million (ZWL\$ 163.54 million: 2020) was pledged as security for borrowings.
- Sixteen (16) properties have no title deeds. Of these, six (6) are held under lease with rural district councils, six (6) had been previously under dispute with a non-controlling shareholder of a subsidiary company. On 28 December 2020, a deed of settlement was signed between the parties wherein it was agreed that Starafica Corporation would make a payment of USD1,850,000 to the non-controlling shareholder, after which title deeds would then be passed on to the Company.

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

### Description of valuation techniques used and key inputs to valuation of investment properties;

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

#### Valuation techniques for Land and Residential Properties

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

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

#### Valuation techniques for Other Investment Properties

The Income approach was used to value investment properties. This method is based on the assumption that rental and capital values have a close relationship. There is an inverse relationship between asking price and the capitalisation rate. The higher the capitalisation rate the lower the asking price and vice versa. The method is used to value income (from rents or leases) producing properties. The income generated by the property is used in conjunction with the capitalisation rate to estimate the property value. The capitalisation rate is evidence based on the similar returns that are achieved by similar properties that are sold in the market. The chief drivers in property values are capitalisation rate and the net annualised rental income.

#### Significant Unobservable Inputs

These are as follows:-

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

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

The reintroduction of the Zimbabwe Dollar (ZWL) through Statutory Instrument 142 of 2019 effective 24 June 2019 has led to the demonetisation of the Multiple Currency Regime. The key inputs for the valuation of non-residential investment property are the rental income and the capitalisation rate. No trends for ZWL rents have yet been established. We have relied on US\$ inputs and we have used the RBZ foreign currency auction rate of ZWL84.4001 as at 31 March 2021 to convert US\$ inputs to arrive at the ZWL values

	Valuation	Significant unobservable inputs	Range
Industrial	Implicit investment	Estimated Rental Value per sqm	ZWL\$84 – 380 (2020: ZWL\$25.00 – 75.00)
		Capitalisation rate	11 – 13% (2020: 11 – 13%)
Warehouse	Implicit investment	Estimated Rental Value per sqm	ZWL\$84 – 380 (2020: ZWL\$25.00 – 75.00)
		Capitalisation rate	11 – 13% (2020: 11 – 13%)
Residential	Comparable method	Estimated Rental Value per sqm	ZWL\$460 – 2450(2020: ZWL\$50.00 – 200.00)
Land/ stands		Comparable method	Price per square metre ZWL\$460 – 2450 (2020: ZWL\$50.00 – 194.00)

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 11 INVESTMENT PROPERTY (CONTINUED)

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	Restated	Unaudited	Unaudited
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Fair value measurement using	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
Industrial	234 630 000	271 589 456	234 630 000	79 750 000
Warehouse	235 650 000	250 992 984	235 650 00	73 702 016
Residential	11 980 000	13 111 215	11 980 000	3 850 000
<b>Total</b>	<b>482 260 000</b>	<b>535 693 655</b>	<b>482 260 000</b>	<b>157 302 016</b>
	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Reconciliation of fair value:				
<b>As at 1 April</b>	<b>535 693 657</b>	<b>583 504 101</b>	<b>157 302 017</b>	<b>22 068 924</b>
Remeasurement recognised in profit or loss	(53 433 655)	(47 810 444)	324 957 984	135 233 093
<b>As at 31 March</b>	<b>482 260 002</b>	<b>535 693 657</b>	<b>482 260 001</b>	<b>157 302 017</b>
<b>Revenue and expenses relating to investment property</b>				
Rental income	20 728 895	13 395 163	16 225 204	1 890 944
Operating costs	(13 514 918)	(3 486 132)	(12 393 386)	(1 023 674)

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 12. INVESTMENTS

### 12.1 Investment in associate

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

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

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP		COMPANY		GROUP		COMPANY	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
<b>Investment at cost</b>	-	-	2 624 944	2 624 944	-	-	99 279	99 279
<b>Associate's statement of financial position:</b>								
Non-current assets	74 173 897	66 983 839	-	-	74 173 897	19 669 251	-	-
Current assets	659 060 507	563 454 407	-	-	659 060 507	165 453 732	-	-
Current liabilities	(221 443 265)	(113 698 209)	-	-	(221 443 265)	(33 386 540)	-	-
Non-current liabilities	(8 109 565)	(8 043 744)	-	-	(8 109 565)	(2 361 979)	-	-
<b>Net assets</b>	<b>503 681 574</b>	<b>508 696 293</b>	-	-	<b>503 681 574</b>	<b>149 374 464</b>	-	-
<b>Share of the associate's statement of financial position:</b>	<b>167 893 858</b>	<b>169 565 431</b>	-	-	<b>167 893 858</b>	<b>49 791 488</b>	-	-
<b>Statement of comprehensive income</b>								
Revenue	1 691 637 305	1 037 857 519	-	-	1 691 637 305	304 758 287	-	-
Cost of sales	(1 342 240 925)	(835 771 119)	-	-	(1 342 240 925)	(245 417 285)	-	-
Administrative expenses	(83 094 120)	(51 469 249)	-	-	(83 094 120)	(15 113 520)	-	-
Finance costs	1 092 332	688 243	-	-	1 092 332	202 097	-	-
<b>Profit before tax</b>	<b>267 394 592</b>	<b>151 305 395</b>	-	-	<b>267 394 592</b>	<b>44 429 579</b>	-	-
Income tax expense	(58 828 239)	(33 343 528)	-	-	(58 828 239)	(9 791 051)	-	-
<b>Profit for the year</b>	<b>208 566 353</b>	<b>117 961 867</b>	-	-	<b>208 566 353</b>	<b>34 638 528</b>	-	-
<b>Total comprehensive income</b>	<b>208 566 353</b>	<b>117 961 867</b>	-	-	<b>208 566 353</b>	<b>34 638 528</b>	-	-
<b>Group's share of total comprehensive income for the year</b>	<b>69 522 118</b>	<b>39 320 622</b>	-	-	<b>69 522 118</b>	<b>11 546 176</b>	-	-
Dividend received from associate	131 603 151	81 790 045	131 603 151	81 790 045	107 671 592	13 771 552	107 671 592	13 771 552
<b>Reconciliation of investment in associate</b>								
Balance at 1 April	169 565 431	146 008 289	-	-	49 791 488	5 522 233	-	-
Share of profits	69 522 118	39 320 623	-	-	69 522 118	11 546 176	-	-
Dividends received	(131 603 151)	(81 790 045)	-	-	(107 671 592)	(13 771 552)	-	-
Effects of changes in exchange rates	156 251 845	158 337 950	-	-	156 251 845	46 494 631	-	-
Monetary loss	(95 842 385)	(92 311 386)	-	-	-	-	-	-
<b>Balance at 31 March</b>	<b>167 893 858</b>	<b>169 565 431</b>	-	-	<b>167 893 858</b>	<b>49 791 488</b>	-	-
<b>12.2 Investments in subsidiaries</b>								
Starafica Operations (Private) Limited	-	-	-	-	-	-	-	-
Silver Star Properties (Private) Limited	-	-	491 180 762	491 180 762	-	-	18 577 129	18 577 129
Starafica International Limited	-	-	54	54	-	-	2	2
Namibstar Trading (Pty) Limited	-	-	344	344	-	-	13	13
	-	-	<b>491 181 160</b>	<b>491 181 160</b>	-	-	<b>18 577 144</b>	<b>18 577 144</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 12. INVESTMENTS (CONTINUED)

### 12.3 Material partly-owned subsidiaries

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

#### Proportion of equity interest held by non-controlling interest

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>Name</b>				
Safariland Investments (Private) limited	30%	30%	30%	30%
<b>Accumulated balances of material non-controlling interest</b>				
<b>Name</b>				
Safariland Investments (Private) limited	56 382 970	62 063 748	36 616 452	10 470 683
<b>Profit allocated to material non-controlling interest</b>				
<b>Name</b>				
*Safariland Investments (Private) limited	3 715 996	(3 737 670)	26 145 769	7 981 983
<b>Summarised statement of profit or loss - Safariland Investments (Private) limited</b>				
Fair value adjustment on investment property	(18 935 927)	(11 685 359)	79 690 000	35 277 200
<b>Profit before tax</b>	<b>(18 935 927)</b>	<b>(11 685 359)</b>	<b>79 690 000</b>	<b>35 277 200</b>
Income tax	31 322 581	(773 541)	7 462 564	(8 670 592)
<b>Profit for the year</b>	<b>12 386 654</b>	<b>(12 458 900)</b>	<b>87 152 564</b>	<b>26 606 608</b>
<b>Total comprehensive income</b>	<b>12 386 654</b>	<b>(12 458 900)</b>	<b>87 152 564</b>	<b>26 606 608</b>
Attributable to noncontrolling interest	3 715 996	(3 737 670)	26 145 769	7 981 982
<b>Summarised statement of financial position - Safariland Investments (Private) limited</b>				
Investment property	120 690 000	139 625 927	120 690 000	41 000 000
Trade and other receivables	3 929 793	13 382 951	3 929 793	3 929 793
Cash and cash equivalents	280	953	280	280
Trade and other payables	(114 996)	(391 621)	(114 996)	(114 996)
Deferred Tax	(2 456 336)	(33 778 917)	(2 456 336)	(9 918 900)
<b>Total equity</b>	<b>122 048 741</b>	<b>118 839 293</b>	<b>122 048 741</b>	<b>34 896 177</b>
Attributable to:				
Equity holders of the parent	-	-	-	-
Non-controlling interest	65 779 745	62 063 748	36 616 452	10 470 683
<b>Summarised cash flow information - Safariland Investments (Private) limited</b>				
<b>Profit / (loss) before tax</b>	<b>(18 935 927)</b>	<b>(11 685 359)</b>	<b>79 690 000</b>	<b>35 277 200</b>
Valuation gain on investment property	18 935 927	11 685 359	(79 690 000)	(35 277 200)
Cash generated / (used) in operations	-	-	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 13 INVENTORIES

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP		COMPANY		GROUP		COMPANY	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Raw materials	192 742 442	193 999 318	-	-	184 201 974	52 989 777	-	-
Work in progress	45 844 625	35 594 642	-	-	45 844 624	10 452 073	-	-
Finished product/wholesale merchandise	33 124 798	158 488 385	-	-	32 746 531	43 156 059	-	-
Consumables	45 135 241	23 879 075	-	-	43 465 029	5 905 704	-	-
<b>Total inventories at the lower of cost and net realisable value</b>	<b>316 847 106</b>	<b>411 961 420</b>	<b>-</b>	<b>-</b>	<b>306 258 158</b>	<b>112 503 613</b>	<b>-</b>	<b>-</b>

An amount of ZWL\$ 23 667 514 (inflation adjusted) being inventory write-down was recognised as an expense in the current year (2020: ZWL\$ 126 375). The FY2021 write-down was because of raw sugar inventory lost when a fire gutted the Raw Sugar Warehouse on 30 August 2020 and resulted in a loss in tonnes amounting to 730 tonnes. The FY2020 loss was because of sugar that had been spoilt by rains whilst held in transit in Botswana before collection by a customer.

The amount of inventory expensed during the year is ZWL\$ 4 124 271 599 (inflation adjusted) (2020: ZWL\$ 1 190 962 235).

## 14 RECEIVABLES AND PREPAYMENTS

### 14.1 Trade and other receivables

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP		COMPANY		GROUP		COMPANY	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Trade receivables	147 404 222	236 495 718	-	-	147 404 222	69 445 014	-	-
Allowance for credit losses	(6 399 836)	(9 479 909)	-	-	(6 399 836)	(2 783 697)	-	-
Receivables for disposed assets	121 788	217 782	-	-	121 788	63 950	-	-
Value added tax	43 511 202	24 702 823	-	-	43 511 202	7 253 780	-	-
Other receivables*	32 598 655	534 428	-	-	32 598 655	156 910	-	-
Amounts owed by related parties**	-	-	258 515 764	199 991 143	-	-	258 515 764	58 725 747
	<b>217 236 031</b>	<b>252 470 842</b>	<b>258 515 764</b>	<b>199 991 143</b>	<b>217 236 031</b>	<b>74 135 957</b>	<b>258 515 764</b>	<b>58 725 747</b>

\* Other receivables include Reserve Bank of Zimbabwe auction funds and assessed insurance claims yet to be received at year end

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

#### Terms and conditions relating to receivables:

Trade receivables are non-interest bearing and are generally on 14 day credit terms. Amounts owed by related parties are non-interest bearing and are on terms in excess of 30 days. See note 23.3 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 14 RECEIVABLES AND PREPAYMENTS (CONTINUED)

### 14.1 Trade and Other Receivables (continued)

#### Impairment

The above trade and other receivables are net of allowance for credit losses of ZWL\$ 6 399 836 (2020 adjusted opening balance: ZWL\$ 9 479 909). As at 31 March 2021, the Group did not hold any security on trade and other receivables.

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP 2021 ZWL\$	2020 ZWL\$	COMPANY 2021 ZWL\$	2020 ZWL\$	GROUP 2021 ZWL\$	2020 ZWL\$	COMPANY 2021 ZWL\$	2020 ZWL\$
Opening balance as at 1 April	9 479 909	58 058 831	-	-	2 783 697	2 195 885	-	-
Utilised / Charge	(3 080 073)	2 001 800	-	-	3 616 139	587 812	-	-
Monetary gain	-	(50 580 722)	-	-	-	-	-	-
Closing balance as at 31 March	6 399 836	9 479 909	-	-	6 399 836	2 783 697	-	-
<b>14.2 Prepayments and Deposits</b>								
Capital Expenditure	4 304 379	45 103 898	--	-	4 170 458	8 442 857	-	-
Product development	-	458 494	-	-	-	93 681	-	-
Production inputs and spares	42 821 362	35 288 076	-	-	40 694 219	8 136 066	-	-
Raw materials	6 535 521	29 455 332	-	-	6 075 462	7 244 545	-	-
Other services	11 861 584	4 200 224	-	-	9 860 996	1 018 637	-	-
	65 522 846	114 506 024	-	-	60 801 135	24 935 786	-	-



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 15 NOTES TO THE STATEMENTS OF CASH FLOWS

### 15.1 Cash generated /(used) in operations

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Profit/(Loss) before tax	234 932 545	386 483 346	30 965 019	(1 114 273 042)	611 377 526	95 428 143	214 614 875	28 501 775
Depreciation (Note 10)	35 124 583	35 386 230	-	-	6 414 410	2 953 883	-	-
Valuation loss / (gain) on investment property (Note 11)	53 433 655	47 810 444	-	-	(324 957 984)	(135 233 093)	-	-
Impairment on plant and equipment (note 10 (a))	1 342 953	-	-	-	394 347	-	-	-
Allowance for credit losses (Note 14)	(3 080 073)	2 001 800	-	-	3 616 139	587 812	-	-
Loans restructuring (Note 6.2)	(357 672 447)	(33 985 925)	-	-	(356 909 495)	(5 594 959)	-	-
Other non-cash items	-	(4 214 704)	-	-	-	107 377	-	-
Monetary loss/(gain)	163 295 558	(304 402 417)	207 609 683	1 246 318 831	-	-	-	-
Unrealised exchange loss / (gain)	195 323 559	473 702 675	(106 794 969)	(50 139 787)	195 644 911	139 098 877	(106 794 968)	(14 723 134)
(Profit) / loss on disposal of assets (Note 6)	(34 364 226)	1 716 752	-	-	(1 827 607)	(73 709)	-	-
Dividends received from associate (Note 12.1)	-	-	(131 603 151)	(81 790 045)	-	-	(107 671 592)	(13 771 552)
Share of profit of an associate (Note 12.1)	(69 522 118)	(39 320 623)	-	-	(69 522 118)	(11 546 176)	-	-
	<b>218 813 989</b>	<b>565 177 578</b>	<b>176 582</b>	<b>115 957</b>	<b>64 230 129</b>	<b>85 728 155</b>	<b>(148 315)</b>	<b>7 089</b>
<b>15.2 Net finance cost</b>								
Finance income on bank balances	(176 582)	(408 859)	(176 582)	(408 859)	(148 314)	(64 137)	(148 314)	(64 137)
Finance cost on loans and borrowings	60 383 796	85 422 318	-	-	45 217 636	10 528 708	-	-
	<b>60 207 214</b>	<b>85 013 459</b>	<b>(176 582)</b>	<b>(408 859)</b>	<b>45 069 322</b>	<b>10 464 571</b>	<b>148 314</b>	<b>(64 137)</b>
<b>15.3 Working capital changes</b>								
(Increase)/ decrease in inventories	95 114 315	(280 335 119)	-	-	(193 754 545)	(107 525 326)	-	-
Decrease/ (Increase) in accounts receivable	87 298 065	(150 630 442)	58 524 621	1 168 083 730	182 581 559	(91 477 039)	(200 097 571)	(6 983 284)
Increase/ (decrease)/ in accounts payable	1 332 640	139 111 671	(397 547)	(3 806 809)	334 032 843	131 716 414	-	-
	<b>183 745 020</b>	<b>(291 853 890)</b>	<b>(58 922 168)</b>	<b>1 164 276 921</b>	<b>(42 303 261)</b>	<b>(67 285 951)</b>	<b>(200 097 571)</b>	<b>(6 983 284)</b>
<b>Cash generated from/(used) in operations</b>	<b>462 766 223</b>	<b>358 337 147</b>	<b>(58 922 168)</b>	<b>163 984 019</b>	<b>66 996 190</b>	<b>28 906 775</b>	<b>(200 097 571)</b>	<b>(7 040 332)</b>
<b>15.4 Cash and cash equivalents</b>								
For the purpose of the statements of cash flows, Cash and cash equivalents comprise the following at 31 March:								
Cash and Bank balances	231 620 225	166 575 277	30 274 106	70 596 575	231 620 225	48 913 454	30 274 106	20 730 101
	<b>231 620 225</b>	<b>166 575 277</b>	<b>30 274 106</b>	<b>70 596 575</b>	<b>231 620 225</b>	<b>48 913 454</b>	<b>30 274 106</b>	<b>20 730 101</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 16 LOANS AND BORROWINGS

### 16.1 Long-term borrowings

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
(a) Intermarket Bank Zambia	-	90 766 163	-	26 652 734
(b) Zimbabwe Sugar Sales	-	16 570 025	-	4 865 651
(c) Con-current Creditors (incl. Dupont)	1 342 302	457 240 491	1 342 302	134 264 893
(d) Banc ABC	-	2 226 158	-	653 693
	1 342 302	566 802 837	1 342 302	166 436 971
less - current portion of long-term loans	(1 342 302)	(191 061 360)	(1 342 302)	(56 103 590)
	-	375 741 477	-	110 333 381

### 16.2 Short-term borrowings

(a) Intermarket Bank Zambia	-	62 764 404	-	18 430 249
(b) Zimbabwe Sugar Sales	-	82 556	-	24 241
(c) Con-current Creditors (incl. Dupont)	1 342 302	128 155 829	1 342 302	37 631 901
(d) Banc ABC	-	58 571	-	17 199
	1 342 302	191 061 360	1 342 302	56 103 590

### Total interest-bearing borrowings

	1 342 302	566 802 837	1 342 302	166 436 971
--	-----------	-------------	-----------	-------------

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

Opening balance	566 802 839	865 071 290	166 436 971	32 718 181
Interest charged	60 059 844	80 972 940	44 893 685	10 309 469
Loans paid	(77 644 962)	(59 024 906)	(63 971 488)	(10 623 674)
Interest paid	(512 530)	(28 717 883)	(177 050)	(1 666 137)
Loans write down	(357 672 447)	(33 985 925)	(356 909 495)	(4 665 687)
Effect of exchange rates on foreign creditors	211 069 679	481 178 501	211 069 679	140 364 819
Monetary gain	(400 760 121)	(738 691 180)	-	-
Closing balance	1 342 302	566 802 837	1 342 302	166 436 971

### 16.4 Loan Summary

#### a) Intermarket Bank Zambia

This loan related to Red Star Zambia, was unsecured and bore interest at 15% per annum. The amount was being managed separately from the Scheme of Arrangement with repayment terms having being negotiated following new exchange control pronouncement in February 2019. On 10 September 2020, StarAfrica signed a Deed of Settlement with the creditor under which an agreement was made for payment of an amount of USD215,000 in full and final settlement of the principal amount of USD617,000 that had been outstanding. The last instalment of the USD215,000 was settled by the Company in January 2021 thereby extinguishing the liability in full.

#### b) Zimbabwe Sugar Sales (ZSS)

ZSS was owed ZWL\$ 11 333 808 (Historical) for raw sugar supplied in the past and this amount was converted into a five-year loan effective 1 November 2016 and is repayable at the end of five years. The loan had an interest rate of 7% per annum which was payable half yearly and ZSS had the option to convert the loan into ordinary shares at a conversion price of ZWL\$ 0.0125 at its discretion within the loan tenure. The amount outstanding was settled in full in May 2020 which extinguished the liability.

#### c) Concurrent Creditors

The Scheme provided for the conversion of amounts owed to concurrent creditors amounting to ZWL\$ 9 171 160 (Historical unaudited) into a five-year loan. The loan is to be paid at the end of five years and attracts interest at 7% per annum. The interest is payable quarterly but the interest for the first two quarters was capitalised. Concurrent creditors have an option to convert their debt to equity at a conversion price of ZWL\$ 0.0125. In the prior year, the amount consisted mostly of amounts that were due to DuPont Agricole de Portugal. On 2 September 2020, StarAfrica Corporation signed a Deed of Settlement with the creditor under which the total amount that had been outstanding was re-negotiated to USD2.5 million payable in part through transfer of 45-47 Douglas Road to Du Pont and the other part through transfer of USD500,000 in cash to DuPont. As at 31 March 2021, the transfer of the property had occurred and the only balance outstanding now stood at USD7,000 which was then settled soon after year end.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 16 LOANS AND BORROWINGS (CONTINUED)

### 16.4 Loan Summary (continued)

#### d) BancABC Loan

The Group received ZWL\$ 1 million for working capital from BancABC in April 2017 in line with the Secondary Scheme of Arrangement. The loan, which was unsecured, attracted interest at 9% per annum payable quarterly but there was a six-month moratorium on the repayment of both interest and principal. The principal amount together with the interest that were due, were settled in full in June 2020 which extinguished the liability.

#### e) Equity components of compound financial instruments

##### Concurrent creditors

The concurrent creditors were owed ZWL\$ 9 171 160 as at Scheme cut-off date. The concurrent creditors have an option to convert the debt into equity at their discretion at a conversion price of \$ 0.0125 per share which will be adjusted at the time of conversion for any interest accrued or paid. The conversion option translates to 733 692 822 shares. The conversion terms make the facility a compound financial instrument per IAS 32: Financial Instruments whereby it has both equity and liability components.

In determining the equity portion of the liability, the amount of ZWL\$9 171 160 was adopted as the fair value of the liability. A present value of the liability was then computed using an interest rate of 12% per annum which was the rate applied for the anchor concurrent creditor representing more than 50% of the balance. The difference between the fair value and present value was determined to be the equity portion of the compound instrument

#### INFLATION ADJUSTED 2021

Lender	Note	Balance as at 1 April 2020 ZWL\$	Reversal Of Accumulated Exchange Loss ZWL\$	Transfer out after settlement ZWL\$	Closing Balance 31 March 2021 ZWL\$
ZIMBABWE SUGAR SALES	16.4(d)	30 551 403	-	(5 397 271)	25 154 132
CON-CURRENT CREDITORS	16.4(E)	141 215 448	(144 364 647)	(19 250 834)	(22 400 033)
<b>Total</b>		<b>171 766 851</b>	<b>(144 364 647)</b>	<b>(24 648 105)</b>	<b>2 754 099</b>

#### INFLATION ADJUSTED 2020

Lender	Note	Balance as at 1 April 2019 ZWL\$	Effect of exchange losses ZWL\$	Transfer out after settlement ZWL\$	Balance as at 31 March 2020 ZWL\$
ZIMBABWE SUGAR SALES	16.4(d)	34 709 241	-	(4 157 839)	30 551 403
CON-CURRENT CREDITORS	16.4(E)	82 926 942	61 896 007	(3 607 501)	141 215 448
<b>Total</b>		<b>117 636 185</b>	<b>61 896 007</b>	<b>(7 765 340)</b>	<b>171 766 851</b>

#### HISTORICAL 2021 (UNAUDITED)

Scheme Lender	Note	Balance as at 1 April 2020	Reversal Of Accumulated Exchange Loss ZWL\$	Transfer out after settlement ZWL\$	Closing Balance 31 March 2021 ZWL\$
ZIMBABWE SUGAR SALES	16.4(d)	491 711	-	(491 711)	-
CON-CURRENT CREDITORS	16.4(E)	21 076 233	(20 103 484)	(872 957)	99 792
<b>Total</b>		<b>21 567 944</b>	<b>(20 103 484)</b>	<b>(1 364 668)</b>	<b>99 792</b>

#### HISTORICAL 2020 (UNAUDITED)

Lender	Note	Balance as at 1 April 2019 ZWL\$	Effect of exchange losses ZWL\$	Transfer out after settlement ZWL\$	Balance as at 31 March 2020 ZWL\$
ZIMBABWE SUGAR SALES	16.4(d)	1 312 750	-	(821 039)	491 711
CON-CURRENT CREDITORS	16.4(E)	3 136 411	18 175 251	(235 429)	21 076 233
<b>Total</b>		<b>4 449 161</b>	<b>18 175 251</b>	<b>(1 056 468)</b>	<b>21 567 944</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 16.5 Borrowing powers

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

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Authorised borrowings per Articles of Association	3 128 693 804	2 657 308 863	2 703 625 711	642 019 367
Loans and borrowings (Note 16)	1 342 302	566 802 839	1 342 302	166 436 971
Excess over borrowing limit	-	-	-	-

## 17 COMMITMENTS AND CONTINGENCIES

### Operating lease commitments - Group as lessor

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

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Within one year	16 225 204	25 567 309	16 225 204	2 406 227
<b>Capital expenditure commitments</b>				
Authorised but not contracted for	155 907 452	137 725 652	155 907 452	40 442 000

## 17.2 Contingencies

### Peter Mtoko vs. Starafrika

Mr. Mtoko was employed by Redstar Holdings Limited in Zimbabwe but was subsequently seconded to Redstar Distributors Limited, a subsidiary of Redstar Holdings, in Zambia. When Redstar Distributors was liquidated, he was offered a position within the Group in Zimbabwe, which he declined. He then issued summons out of the Zambian High Court against Redstar Holdings, which is a subsidiary of Starafrika Corporation claiming damages for loss of employment, arrear salaries together with interest and costs of suit. The claim is being defended.

### City of Harare vs. Starafrika

In August 2017, the City of Harare filed a claim against Starafrika for outstanding rates, refuse collection and other service charges due for the property 18 Greenock Road, Workington Harare. The claim is being defended.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 18 DEFERRED TAX

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP		COMPANY		GROUP		COMPANY	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
<b>Opening balance at 1 April</b>	<b>267 094 308</b>	<b>159 753 563</b>	<b>12 394 556</b>	-	<b>61 769 421</b>	<b>6 042 098</b>	<b>3 639 559</b>	-
Charge/ (credit) to profit and loss	21 673 778	116 681 651	14 005 160	12 394 556	21 904 174	4 858 658	22 760 157	3 639 559
Movement in temporary differences	21 673 778	110 291 507	14 005 160	12 394 556	21 904 174	4 303 002	22 760 157	3 639 559
Effect of tax rate change	-	6 390 144	-	-	-	555 656	-	-
Charge to other comprehensive income	(20 481 657)	(9 730 119)	-	-	116 671 517	50 868 665	-	-
Monetary loss / (gain)	6 938 076	389 213	-	-	-	-	-	-
<b>Closing balance at 31 March</b>	<b>275 224 505</b>	<b>267 094 308</b>	<b>26 399 716</b>	<b>12 394 556</b>	<b>200 345 111</b>	<b>61 769 421</b>	<b>26 399 716</b>	<b>3 639 559</b>
<b>18.1 Analysis of deferred taxation</b>								
Property, plant and equipment	205 514 705	268 725 766	-	-	131 283 227	61 934 513	-	-
Investment property	17 107 461	130 925 055	-	-	17 107 461	38 445 061	-	-
Compound financial instruments	644 510	(8 890 575)	-	-	(3 404)	(2 610 644)	-	-
Provisions	(6 757 162)	(6 566 638)	-	-	(6 757 162)	(1 928 239)	-	-
Unrealised exchange loss	58 714 991	(117 099 300)	26 399 716	12 394 556	58 714 989	(34 071 270)	26 399 716	3 639 559
<b>Net liability at 31 March</b>	<b>275 224 505</b>	<b>267 094 308</b>	<b>26 399 716</b>	<b>12 394 556</b>	<b>200 345 111</b>	<b>61 769 421</b>	<b>26 399 716</b>	<b>3 639 559</b>

## 19 PAYABLES AND PROVISIONS

### 19.1 Trade and Other Payables

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP		COMPANY		GROUP		COMPANY	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Trade payables		473 342 126		-		138 993 005	-	-
Provisions		29 026 803		-		8 523 481	-	-
Other payables*		2 097 723		562 812		615 979	165 265	165 265
		<b>504 466 652</b>		<b>562 812</b>		<b>148 132 465</b>	<b>165 265</b>	<b>165 265</b>

Trade payables are non-interest bearing and are normally settled on 30-day terms. In the prior year, a ZB Bank Limited guarantee was in effect in which a major trade creditor had been given a guarantee by ZB Bank for ZWL \$4 million and a portion of that creditor was secured against StarAfrica Corporation Limited Property. The ZB Bank guarantee was cancelled in the current year after the amounts due to the major creditor were settled in full which extinguished the liability.

\*Other payables consist of an amount due to Sivnet Investments et al, based on a dispute that had occurred over some properties which the Group had held without title. Sivnet Investments had lodged a claim on properties that were part and parcel of a transaction that established a joint venture between itself and Red Star Wholesalers (subsidiary of the Group). On 28 December 2020, the parties agreed to settle out of court on the condition that StarAfrica Corporation pays a total of USD1,850,000 to Sivnet Investments et. al. Other payables also consists of statutory creditors, customer prepayments and other employment related accruals.

Other payables also consists of an amount of ZWL\$900,951 for backdated wages and salaries arising out of a court case details of which are fully disclosed under Note 27 : Events after reporting date.

### 19.2 Provisions

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP		COMPANY		GROUP		COMPANY	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Leave pay liability	20 934 960	17 084 155	-	-	20 934 960	5 016 621	-	-
Audit fees	9 360 000	11 697 928	-	-	9 360 000	3 435 000	-	-
Other	735 369	244 720	-	-	735 369	71 860	-	-
	<b>31 030 329</b>	<b>29 026 803</b>	-	-	<b>31 030 329</b>	<b>8 523 481</b>	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 20 SEGMENT INFORMATION

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

- \* The food segment is a manufacturer of sugar products namely :
  - i. Purified sugar for household and industrial consumption produced at Goldstar Sugars Harare Refinery, and
  - ii. Sugar specialties produced at Country Choice Foods comprising of icing sugar, castor sugar, syrups and caramel.
- \* The property segment manages offices, manufacturing and residential premises on behalf of the Group.

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

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

Year ended 31 March 2021	INFLATION ADJUSTED GROUP				HISTORICAL (UNAUDITED) GROUP			
	Food ZWL\$	Properties ZWL\$	Adjustments ZWL\$	Consolidated ZWL\$	Food ZWL\$	Properties ZWL\$	Adjustments ZWL\$	Consolidated ZWL\$
<b>Revenue</b>								
External customer	5 060 555 307	20 728 895	-	5 081 284 202	3 816 672 454	16 225 204	-	3 832 897 658
Purified sugar	4 420 283 223	-	-	4 420 283 223	3 378 700 354	-	-	3 378 700 354
Sugar specialties	640 272 084	-	-	640 272 084	437 972 100	-	-	437 972 100
Rentals	-	20 728 895	-	20 728 895	-	16 225 204	-	16 225 204
Inter-segment	608 905 517	213 228	(609 118 744)	-	384 693 189	143 460	(384 836 649)	-
<b>Total revenue</b>	<b>5 669 460 824</b>	<b>20 942 123</b>	<b>(609 118 744)</b>	<b>5 081 284 202</b>	<b>4 201 365 643</b>	<b>16 368 664</b>	<b>(384 836 649)</b>	<b>3 832 897 658</b>

Revenue from two customers contributing more than 10 percent of total sales each amounted to ZWL\$902.4 million (2020: ZWL\$ 731.1 million), arising from sales in the Purified sugar segment.

<b>Results</b>								
Depreciation	(25 164 042)	(9 960 541)	-	(35 124 583)	(2 409 803)	(4 004 607)	-	(6 414 410)
Net loans restructuring	122 849 086	-	-	122 849 086	139 088 505	-	-	139 088 505
Inventory write down	23 667 514	-	-	23 667 514	19 590 262	-	-	19 590 262
Finance income	176 582	-	-	176 582	148 314	-	-	148 314
Finance cost	(60 383 796)	-	-	(60 383 796)	(45 217 636)	-	-	(45 217 636)
Fair value adjustment on								
Investment Property	-	(53 433 655)	-	(53 433 655)	-	324 957 984	-	324 957 984
Monetary gain / (loss)	(253 828 709)	90 533 152	-	(163 295 557)	-	-	-	-
Share of profit of associate	-	-	69 522 118	69 522 118	-	-	69 522 118	69 522 118
<b>Segment (loss)/profit before tax</b>	<b>122 777 559</b>	<b>42 632 869</b>	<b>69 522 118</b>	<b>234 932 546</b>	<b>218 421 289</b>	<b>323 434 120</b>	<b>69 522 118</b>	<b>611 377 526</b>
Income Tax	(227 757 452)	128 808 615	(26 320 630)	(125 269 467)	(150 387 078)	57 534 637	(21 534 318)	(114 386 759)
<b>Assets and liabilities</b>								
<b>Capital expenditure</b>	<b>47 360 687</b>	<b>-</b>	<b>-</b>	<b>47 360 687</b>	<b>33 055 341</b>	<b>-</b>	<b>-</b>	<b>33 495 141</b>
Operating assets	2 069 052 034	1 198 372 764	(934 978 752)	2 332 446 046	1 790 887 199	1 198 372 764	(934 978 752)	2 054 281 210
Operating liabilities	1 710 753 011	171 912 414	(1 082 415 792)	800 249 633	1 635 207 096	171 912 414	(1 082 415 792)	725 370 241

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 20 SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2020	INFLATION ADJUSTED				HISTORICAL			
	Food ZWL\$	Properties ZWL\$	Adjustments ZWL\$	Consolidated ZWL\$	Food ZWL\$	Properties ZWL\$	Adjustments ZWL\$	Consolidated ZWL\$
<b>Revenue</b>								
External customer	4 106 671 297	13 395 163	-	4 120 066 460	595 325 692	1 890 944	-	597 216 636
Purified sugar	3 581 884 322	-	-	3 581 884 322	523 131 090	-	-	523 131 090
Sugar specialties	524 786 975	-	-	524 786 975	72 194 602	-	-	72 194 602
Rentals	-	13 395 163	-	13 395 163	-	1 890 944	-	1 890 944
Inter-segment	465 286 462	1 524 351	(466 810 813)	-	67 134 305	143 460	(67 277 765)	-
Total revenue	4 571 957 759	14 919 514	(466 810 813)	4 120 066 460	662 459 997	2 034 404	(67 277 765)	597 216 636
<b>Results</b>								
Depreciation	(22 197 042)	(13 189 188)	-	(35 386 230)	(1 040 029)	(1 913 853)	-	(2 953 882)
Loans restructuring	33 985 925	-	-	33 985 925	5 331 352	-	-	5 331 352
Inventory write down	126 375	-	-	126 375	29 313	-	-	29 313
Finance income	408 859	-	-	408 859	64 137	-	-	64 137
Finance cost	(85 422 318)	-	-	(85 422 318)	(10 528 708)	-	-	(10 528 708)
Fair value adjustment on								
Investment Property	-	(47 810 444)	-	(47 810 444)	-	135 233 093	-	135 233 093
Monetary gain / (loss)	1 899 519 025	(348 797 777)	(1 246 318 831)	304 402 417	-	-	-	-
Share of profit of associate	-	-	39 320 623	39 320 623	-	-	11 546 176	11 546 176
<b>Segment (loss)/profit before tax</b>	<b>1 903 353 548</b>	<b>(402 597 210)</b>	<b>(1 114 272 991)</b>	<b>386 483 346</b>	<b>(67 402 448)</b>	<b>134 328 816</b>	<b>28 501 775</b>	<b>95 428 143</b>
Income Tax	(148 463 591)	(30 371 554)	(21 774 387)	(200 609 532)	3 731 870	(26 527 416)	(6 393 869)	(29 189 415)
<b>Assets and liabilities</b>								
Capital expenditure	49 074 890	-	-	49 074 890	7 236 534	-	-	7 236 534
Operating assets	1 195 286 818	1 398 308 698	170 733 497	2 764 329 013	265 186 771	410 601 798	50 134 481	725 923 050
Operating liabilities	964 944 857	282 246 057	168 908 842	1 416 099 755	266 687 469	82 879 223	49 598 686	399 165 378

## 20 SEGMENT INFORMATION (CONTINUED)

### Adjustments and eliminations

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

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

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

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

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

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 20 SEGMENT INFORMATION (CONTINUED)

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>Reconciliation of profit / (loss)</b>				
Segment profit / (loss)	643 603 115	667 676 459	462 571 827	102 381 804
Food	638 069 744	673 665 448	464 095 691	103 286 081
Properties	5 533 371	(5 988 989)	(1 523 864)	(904 277)
Fair value adjustment on Investment Property	(53 433 655)	(47 810 444)	324 957 984	135 233 093
Exchange loss	(201 256 261)	(492 092 250)	(200 605 081)	(143 268 359)
Share of profit from associate	69 522 118	39 320 623	69 522 118	11 546 176
Monetary gain / (loss)	(163 295 557)	304 402 417	-	-
Finance income	176 582	408 859	148 314	64 137
Finance cost	(60 383 796)	(85 422 318)	(45 217 636)	(10 528 708)
<b>Profit / (loss) before tax</b>	<b>234 932 546</b>	<b>386 483 346</b>	<b>611 377 526</b>	<b>95 428 143</b>
<b>Reconciliation of assets</b>				
<b>Segment operating assets</b>	<b>2 164 552 188</b>	<b>2 575 188 759</b>	<b>1 886 387 352</b>	<b>670 383 573</b>
Deferred tax asset	-	-	-	-
Investment in associate	167 893 858	169 565 431	167 893 858	49 791 488
Assets classified as held for sale	-	-	-	-
<b>Group operating assets</b>	<b>2 332 446 046</b>	<b>2 744 754 190</b>	<b>2 054 281 210</b>	<b>720 175 061</b>
<b>Reconciliation of liabilities</b>				
<b>Segment operating liabilities</b>	<b>525 025 128</b>	<b>1 149 005 447</b>	<b>525 025 130</b>	<b>337 395 958</b>
Deferred tax liabilities	275 224 505	267 094 308	200 345 111	61 769 421
Liabilities classified as held for sale	-	-	-	-
<b>Group operating liabilities</b>	<b>800 249 633</b>	<b>1 416 099 755</b>	<b>725 370 241</b>	<b>399 165 379</b>

## 21 PENSION AND RETIREMENT BENEFITS STARAFRICA CORPORATION LIMITED

### 21.1 Pension Fund

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

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

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
National Social Security Authority- Defined contribution plan	2 740 437	1 932 494	2 135 758	232 093

## 22 RELATED PARTY DISCLOSURES

### Parent Company

Starafrica Corporation Limited is listed on the Zimbabwe Stock Exchange and has multiple shareholders. Zimbabwe Asset Management Corporation (Private) Limited is currently the major shareholder with 57.4% shareholding.

### Transactions with other related parties

	INFLATION ADJUSTED		HISTORICAL (UNAUDITED)	
	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>Compensation of key management personnel of the Group</b>				
Short term employee benefits	73 014 627	49 774 514	59 506 881	6 788 769
Post-employment pension and medical benefits	-	9 372	-	3 822
Total compensation paid to key management personnel	73 014 627	49 783 886	59 506 881	6 792 591



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

	INFLATION ADJUSTED				HISTORICAL (UNAUDITED)			
	GROUP		COMPANY		GROUP		COMPANY	
	2021	2020	2021	2020	2021	2020	2021	2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>Loans from related parties</b>								
StarAfrica Operations (Private) Limited	-	-	258 515 764	199 991 143	-	-	258 515 764	58 725 747
	-	-	<b>258 515 764</b>	<b>199 991 143</b>	-	-	<b>258 515 764</b>	<b>58 725 747</b>

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

## 23 FINANCIAL RISK MANAGEMENT

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

The Group is exposed to market risk, credit risk and liquidity risk.

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

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

### 23.1 Market risk

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

### 23.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. The exposure is managed through continuously seeking for foreign currency to pay outstanding balances and commitments. Because of investments in Botswana, the group's Statement of financial Position can be affected significantly by movements in the ZWL\$/ pula exchange rates respectively.

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

The Group also has USD denominated assets and liabilities. These balances are therefore susceptible to changes in the exchange rates between the United States dollar (USD) and the ZWL\$ which is the Group's reporting currency. The changes are included in profit and loss and ultimately in Equity.

Sensitivity Analysis – Method and assumptions

Method

1. Movement between the ZWL\$ exchange rate against other currencies was analysed and it was established that it had depreciated by close to 237.6% from 31 March 2021 when the official rate was at 25 to the RBZ auction rate of 84.11970 to the USD at 31 March 2021. However, conditions prevailing during the time of this assessment are best analysed as being similar to conditions that existed soon after introduction of the auction rate in June 2020. Between July 2020 to March 2021, the exchange rate depreciated by 28% from a rate of ZWL65.87 at the beginning of July 2020.
2. This movement was therefore adopted as a base case scenario and a movement of 100% as a worst case scenario. The best-case scenario was assumed to be one in which the ZWL does not depreciate any further from the closing rate as at 31 March 2021

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 23.2 Foreign currency risk (continued)

3. Foreign denominated assets and liabilities balances as at 31 March 2021 were taken and translated at the closing rate of ZWL\$7.57135: BWP1 and ZWL\$84.1197 : USD1 for the foreign investments and foreign currency denominated liabilities respectively.
4. The assumed percentage movements as stipulated in 2 above were then applied on the closing balance to show the possible outcomes.

#### Assumptions

- The foreign investments will continue being held in the next financial year ending 31 March 2022
- The foreign based assets and liabilities will be outstanding in the financial year ending 31 March 2022
- Base and worst case scenarios, as detailed in 2 above

The tables below demonstrate the sensitivity to a reasonable possible change in ZWL\$ against other currencies

#### 23.2.1 ZWL\$ against BWP

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

	2021 BWP	2020 BWP
Investment in Associate	22 174 891	23 500 407

Year	Investment in Associate	Change in BWP rate	Effect on OCI ZWL\$	Effect on Non current Assets ZWL\$
2021	BWP22 147 891	+100%	167 893 861	163 893 861
2021	BWP22 174 891	+170%	84 645 530	84 645 530

Year	Investment in Associate	Change in BWP rate	Effect on OCI ZWL\$	Effect on Non current Assets ZWL\$
2020	23 500 407	+250%	124 478 720	124 478 720
2020		+100%	5 508 679	5 508 679

#### 23.2.2 ZWL\$ against USD

The sensitivity is based on the Group's exposure to all USD denominated assets and liabilities as at 31 March 2020.

	2021 USD	2020 USD
Cash and bank balance	822 149	1 115 336
Receivables	13 220	13 117
Loans and borrowings	(736 351)	(1 942 560)
Total	99 018	(814 053)

Year	Change in USD rate	Effect on OCI ZWL\$	Effect on Non current Assets ZWL\$
2021	+100%	8 329 364	8 329 364
2021	+28%	2 332 222	2 332 222

Year	Change in USD rate	Effect on OCI ZWL\$	Effect on Non current Assets ZWL\$
2020	+250%	(50 878 285)	(50 878 285)
2020	+170%	(34 597 234)	(34 597 234)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 23.3 Credit risk

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

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

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

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

Set out below is the provisioning matrix for financial years 2020 and 2021

31 March 2021	Current	30-59 days	60-89 Days	90-119 days	Over 120 days	TOTAL
Expected gross carrying amount at default (ZWL\$)	176 942 960	4 382 158	462 771	48 081	2 528 526	184 364 495
Expected credit loss rate (%)	1%	23%	86%	100%	100%	
<b>Expected credit loss rate (ZWL\$)</b>	<b>2 398 775</b>	<b>1 025 897</b>	<b>398 557</b>	<b>48 081</b>	<b>2 528 526</b>	<b>6 399 836</b>

31 March 2020	Current	30-59 days	60-89 Days	90-119 days	Over 120 days	TOTAL
Expected gross carrying amount at default (ZWL\$)	225 664 271	8 897 495	474 749	25 654	3 011 016	236 495 718
Expected credit loss rate (%)	2%	8%	63%	100%	100%	
<b>Expected credit loss rate (ZWL\$)</b>	<b>5 397 013</b>	<b>745 236</b>	<b>300 991</b>	<b>25 654</b>	<b>3 011 016</b>	<b>9 479 909</b>

Though the extent, duration and impact of the pandemic remain uncertain and depend on future developments that cannot be accurately predicted at this stage, management adopted a conservative approach in the ECL computation. A COVID-19 adjustment factor was incorporated in the lifetime expected loss rate used. This had the effect of increasing the provision made in the current year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 23.4 Liquidity risk

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

No contract modifications have been done on any of the contractual obligations considering COVID-19.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2020 based on contractual undiscounted payments. For foreign denominated loans, management has assumed that the official rate as determined by the Reserve Bank of Zimbabwe will continue to be used. Trade payables are assumed to pay in the like manner as prior year after taking into account the effect of COVID -19. Long-term loans are included in the bands in accordance to the contractual term.

Included in loans and borrowings are loan facilities that have an option to convert debt to equity and such are treated as compound financial instruments. The equity component attributable to these loan facilities has been excluded from the loans and borrowings balance below (Note 16.4).

	Less than 4 months ZWL\$	4 to 12 Months ZWL\$	More than 12 months ZWL\$	Total ZWL\$
<b>INFLATION ADJUSTED</b>				
<b>2021</b>				
Loans and borrowings short term	1 342 302	-	-	1 342 302
Trade and other payables	390 789 395	91 375 910	-	482 165 305
	<b>392 131 697</b>	<b>91 375 910</b>	<b>6 978 320</b>	<b>483 507 607</b>
<b>2020 (RESTATED)</b>				
Loans and borrowings long term	-	-	357 035 091	357 035 091
Loans and borrowings short term	-	209 767 750	-	209 767 750
Trade and other payables	400 242 606	104 224 042	-	504 466 648
	<b>400 242 606</b>	<b>313 991 792</b>	<b>357 035 091</b>	<b>1 071 269 489</b>
<b>HISTORICAL (UNAUDITED)</b>				
<b>2021</b>				
Loans and borrowings short term	1 342 302	-	-	1 342 302
Trade and other payables	390 789 395	91 375 910	-	482 165 305
	<b>392 131 697</b>	<b>91 375 910</b>	<b>6 978 320</b>	<b>483 507 607</b>
<b>2020</b>				
Loans and borrowings long term	-	-	104 840 405	104 840 405
Loans and borrowings short term	-	61 596 567	-	61 596 567
Trade and other payables	117 527 935	30 604 529	-	148 132 464
	<b>117 527 935</b>	<b>92 201 096</b>	<b>104 840 405</b>	<b>314 569 436</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 23.4 Liquidity risk (continued)

The tables below summarise the maturity profile of the Group's financial assets as at 31 March:

INFLATION ADJUSTED	Less than 4 months ZWL\$	4 to 12 Months ZWL\$	More than 12 months ZWL\$	Total ZWL\$
<b>2021</b>				
Trade and other receivables (excluding statutory receivables)	162 287 183	11 437 645	-	173 724 828
Cash and cash equivalents	231 620 225	-	-	231 620 225
	<b>393 907 408</b>	<b>11 437 645</b>	-	<b>405 345 053</b>
<b>2020</b>				
Trade and other receivables (excluding statutory receivables)	227 263 022	504 942	-	227 767 964
Cash and cash equivalents	166 575 277	-	-	166 575 277
	<b>393 838 299</b>	<b>504 942</b>	-	<b>394 343 241</b>

HISTORICAL (UNAUDITED)	Less than 4 months ZWL\$	4 to 12 Months ZWL\$	More than 12 months ZWL\$	Total ZWL\$
<b>2021</b>				
Trade and other receivables (excluding statutory receivables)	162 287 183	11 437 645	-	173 724 828
Cash and cash equivalents	231 620 225	-	-	231 620 225
	<b>393 907 408</b>	<b>11 437 645</b>	-	<b>405 345 053</b>
<b>2020</b>				
Trade and other receivables (excluding statutory receivables)	66 733 909	148 272	-	66 882 181
Cash and cash equivalents	48 913 454	-	-	48 913 454
	<b>115 647 363</b>	<b>148 272</b>	-	<b>115 795 635</b>

### 23.5 Interest Risk

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

### 23.6 Capital Management

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

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

No changes were made in the objectives, policies or processes during the year ended 31 March 2021.

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

The Group is now within the gearing ratio range of below 40% after the return to profitability as well as restructuring of the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 23.6 Capital Management (continued)

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

	INFLATION ADJUSTED GROUP		HISTORICAL (UNAUDITED) GROUP	
	2021 ZWL\$	2020 ZWL\$	2021 ZWL\$	2020 ZWL\$
Loans and Borrowings-long term (Note 16.1)	0	375 741 477	0	110 333 381
Loans and Borrowings-short term (Note 16.2)	1 342 302	191 061 360	1 342 302	56 103 590
Trade and other payables (Note 19)	505 799 290	504 466 652	505 799 292	148 132 465
Net debt	507 141 592	1 071 269 489	507 141 594	314 569 436
Equity	1 532 196 415	1 328 654 435	1 328 910 969	321 009 682
Capital and net debt	2 039 338 007	2 399 923 924	1 836 052 563	635 579 118
Gearing ratio	25%	45%	28%	49%

### 23.7 Fair values of financial instruments

Fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts. In terms of IFRS 13 the fair value of a liability reflects the effect of non-performance risk. Non-performance risk includes, but is not limited to, the group's own credit risk and settlement risk.

The Group's credit and settlement risk were assessed as moderate to low after the Group settled almost all of its liabilities which were increasing the gearing ratio and lowering the working capital ratios. Management has assessed that the Group will face minimal challenges in settling its financial obligations and realising the value of its financial assets.

## 24 RETAINED EARNINGS

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

## 25 GOING CONCERN

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

### Securitisation of Water

Water tanks were procured post-year end and installation is in progress which will reduce the impact of water interruption and ensuring continuous production. A Brine Recovery System is also being implemented which will result in savings on water as well as salt usage. Commissioning of this project awaits arrival of membranes whose delivery had been impeded by lockdown delays. The membranes are now en-route. The project is being implemented after having been delayed at year end due to the lockdown which impeded the delivery of membranes. The project to install an Effluent Treatment Plant (ETP) will recover 450 m3 of water from the daily demand of **1344 m3**. In addition to these efforts, investigations for offsite boreholes as well as a water tanker (for cartage of water) are also in progress.

### Securitisation of Water

Water tanks were procured and commissioned in the current year which has reduced the impact of water interruption and ensuring continuous production. A Brine Recovery System is has also been commissioned which will result in savings on water as well as salt usage. The project to install an Effluent Treatment Plant (ETP) to recover 450 m3 of water from the daily demand of **1344 m3** has now gained traction post-year end with the manufacturing of the plant having commenced. These efforts are aimed at ensuring that the company will continue operating seamlessly, reducing downtime and ensuring equipment lifetime is prolonged

### Power Supply

Power supply is expected to remain stable with improved water levels in the Kariba dam witnessed in the last season. The recent increases in the tariff structure will also aid Zimbabwe Electricity Transmission and Distribution Company (ZETDC) to maintain power in-flows from its foreign suppliers and to maintain its critical infrastructure to ensure uninterrupted supply. However, the company continues to look for opportunities for alternative arrangements with long-term plans to tap into solar energy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 25 GOING CONCERN (CONTINUED)

### Plant capacity enhancements

The boiler overhaul programme which will ensure adequate supply of steam was completed and capital expenditure is being invested in replacing antiquated centrifugal, conveyancing equipment and pipes around the plant which have been causing significant process losses. A robust machinery maintenance program has now been put in place which has led to reduced plant downtime, increased sucrose recoveries and higher-grade quality of granulated sugar being produced. All of these efforts which are part of the refurbishment of the Secondary Plant, are being financed by internally generated resources aided by the foreign currency obtained on the RBZ foreign currency auction system.

The plant was re-certified by The Coca Cola Company (TCCC), DQS, as well as the Food Safety Certification (FSCC 22000) system which allows the company to sell product to TCCC affiliated entities within the Southern African region. Post-year end, the Company's rating under the Supplier Guiding Principles (SGP) was upgraded to include permissions to export to the whole of Africa which is expected to open up wider markets for the Group's products.

### Improved Market Penetration

Product demand in the local market grew as some of the key customers continue to experience increased demand for their product locally as well as in the export market. There is ongoing work to refresh the packaging of existing products to enhance customer experience while also establishing a wide range of new products. Over the current year, the entity has managed to introduce new product lines such as jam, peanut butter, flavoured icing and premixes. Post-year end, the Company's rating under the Supplier Guiding Principles (SGP) of the The Coca-Cola Company was upgraded to include permissions to export to the whole of Africa which is expected to open up wider markets for the Group's products

### Secondary Scheme

Implementation of the scheme has progressed to a stage where 99.8% of the convertible debt has been converted to equity thereby significantly reducing the interest burden and contributing to the correction of the balance sheet structure. Management continues to engage the remaining Scheme creditors with a view to achieving full settlement of debts before the expiration of the Scheme in February 2022.

Management is confident that the current positive position will be maintained and that the financial performance will be further enhanced through the above mentioned efforts. Product and market development for both local and export requirements is expected to meet the forecast volumes for the coming year and beyond.

The financial statements have been prepared on the basis that the Group will continue to be a going concern. This basis of preparation is on the assumption that the forecast production and sales volumes will be achieved and the Company will continue to be profitable thus realising its assets and discharging its liabilities in the ordinary course of business.

## 26 COVID – 19 IMPACT ASSESSMENT

The Government of Zimbabwe declared a national lockdown effected from 30 March 2020 in response to the World Health Organisation's declaration of the COVID – 19 outbreak as a pandemic. In FY2021, the Covid-19 pandemic caused a 3-week total shutdown in the Group's operations after some of the employees had been infected.

The Group then continued operating for the rest of the year due to it being in the essential services sector, a communiqué was issued to the workforce outlining the preventative measures to be taken to combat the spread of COVID-19. The Group has also engaged all its service providers and reduced personal interface. The holding of meetings internally and externally was limited to extremely urgent cases and, in any such cases, not more than three people would meet. Otherwise, all communication and interaction has been over the distance, on line, in memos, notices on notice boards, use of telephones, mobile phones etc.

The extent, duration and impact of the pandemic remain uncertain and depend on future developments that cannot be accurately predicted at this stage. However, the impact so far on the company's business has been marginal as the Company and its key customers have continued operating during the lockdown. The supply of raw materials to the sugar refining plant was stable during the quarter under review except for packaging materials sourced from South Africa, whose cartage was slowed down by the lockdown in that country.

A business Continuity Plan and a Crisis Management Task Force, chaired by the Chief Executive, was established. The committee was tasked with the following:

- Assessing, monitoring and managing the development and impact of COVID-19 in compliance with the requirements and guidelines issued by Government and local authorities.
- Contingency and response planning which takes into account business continuity, work force management and business specific risk mitigation.
- Internal and external communication of safety measures and response plans with employees, customers, suppliers, regulators/Government bodies and other key stakeholders in the business.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

## 26 COVID – 19 IMPACT ASSESSMENT (CONTINUED)

The Company reviewed stocking levels upwards to ensure business continuity. It also pre-ordered sufficient supplies and materials including those consumables required to maintain a healthy environment (tissues, hand sanitizers, soap, masks etc.) and will continually review the impact of short-term changes to the supply chain and logistics models to avoid disruption. Pro-active cash management measures have been put in place to ensure that the Company has sufficient liquidity to weather the storm.

### Impact on Statement of Financial Position

Line by line assessment on the current uncertainty (Covid-19 pandemic) may impact any of the amounts presented at 31 March 2021.

Line Description	Potential Impact
Property, plant & equipment	No impact
Account receivables	Low to moderate impact. Key customers such as retail, have continued to experience panic buying of the product and hence have been paying quicker as the product has been turning faster. Rental collections in the property business might be affected.
Inventory	No impact
Prepayments to suppliers	No impact
Cash and cash equivalents	No impact
Trade and other payables	The Company has been negotiating with suppliers for credit terms so as to manage cash flows.

The Company has had to bear costs of creating a safer working environment. The business solvency position has not been affected as the Company has renegotiated trade terms with both suppliers and customers to take into account the new COVID-19 operating environment.

Management is hopeful that measures being pursued by Government and the world at large will smother the full impact of this pandemic. The Company remains resilient as local demand for its products continues to be strong. Efforts to increase our share of the exports market have been enhanced. There have not been any major constraints in the supply of major raw inputs. The Board remains confident that the company will continue on its upward trajectory despite the current challenges emanating from COVID-19.

## 27 EVENTS AFTER REPORTING PERIOD

### Labour Case

The Company had a labour case following an 11% wage adjustment dispute with CBA governed employees. The Company had filed an appeal with the Supreme Court and the matter was heard and judgement was delivered post-year-end in favour of the employees. The Group has assessed this to be a material adjusting event after the reporting date for the purposes of financial reporting. Computations have been made and the liability has been quantified at ZWL\$900,951, settlement of which will have minimal impact on the Group's financial standing. The liability, which has since been settled, has been included in the financial statements for the year ended 31 March 2021. Refer to Note 19.1.

### Tax claim by National Social Security Authority

NSSA instituted legal proceedings for the recovery of withholding tax they did not withhold on the sales proceeds from the disposal of one the Group's properties. The amount claimed by NSSA had been USD\$355 000. Post-year end, the Company reached an out-of-court settlement with NSSA wherein it was agreed that an amount of ZWL\$355,000 that the Company had paid to NSSA in the current financial year constituted full and final settlement of the amount that NSSA was claiming. A Deed of Settlement to that effect was concluded and signed between NSSA and the Company.

# SHAREHOLDER INFORMATION

Shareholder Analysis	Number of Share holders	Number of shares	% of Shares
<b>2021</b>			
Major Shareholder - non resident	1	30 267 000	0.63
Other - non resident	147	25 378 929	0.53
<b>Total external shareholders</b>	<b>148</b>	<b>55 645 929</b>	<b>1.16</b>
Nominee Companies	53	15 231 463	0.32
Companies	264	2 936 185 687	61.06
Insurance Companies	14	80 947 038	1.68
Pension and Benefit Funds	65	1 627 278 582	33.84
Other	2 979	93 373 636	1.94
<b>Total Local Shareholders</b>	<b>3 375</b>	<b>4 753 016 406</b>	<b>98.84</b>
<b>TOTAL</b>	<b>3 523</b>	<b>4 808 662 335</b>	<b>100.00</b>
<b>2020</b>			
Major Shareholder - non resident	1	30 267 000	0.63
Other - non resident	145	24 242 579	0.50
<b>Total external shareholders</b>	<b>146</b>	<b>54 509 579</b>	<b>1.13</b>
Nominee Companies	57	14 022 926	0.29
Companies	261	2 910 707 899	60.53
Insurance Companies	13	98 939 191	2.06
Pension and Benefit Funds	60	1 606 414 236	33.41
Other	2 766	124 068 504	2.58
<b>Total Local Shareholders</b>	<b>3 167</b>	<b>4 754 152 756</b>	<b>98.87</b>
<b>TOTAL</b>	<b>3 313</b>	<b>4 808 662 335</b>	<b>100</b>

Significant Shareholders	Number of shares	% of Total
ZIMBABWE ASSET MANAGEMENT CORPORATION LIMITED,	2 760 284 842	57.40
NATIONAL SOCIAL SECURITY AUTHORITY	1 491 505 021	31.02
STANBIC NOMINEES	59 785 800	1.24
OLD MUTUAL LIFE ASS CO ZIM LTD	55 676 501	1.16
ROY TURNER	30 267 000	0.63
ZSR INVESTMENTS (UK) LIMITED	26 315 400	0.55
J S MUTIZWA FAMILY TRUST	25 000 000	0.52
GLOWSURGE ENTERPRISES	17 558 809	0.37
ZB LIFE ASSURANCE LIMITED	16 884 824	0.35
HOMEGUARD SERVICES (PVT) LTD,	15 819 985	0.33

Directors Shareholding	Number of Shares	
Name of Director	Direct	Indirect
J.S. MUTIZWA	-	25 000 000
R.V. MUTYIRI	-	-
R.J. MBIRE	-	-
A.J. MUSEMBURI	-	-
V. NYEMBA	-	-
B.L. NKOMO	-	-
J.M. CHIKURA	-	-
S. MAHUNI	-	-



# NOTICE TO SHAREHOLDERS

Notice is hereby given that the 87th Annual General Meeting of starafriacorporation limited will be held as a virtual meeting via Microsoft Teams on Thursday 23 September 2021 at 11 a.m for the following purposes:

## ORDINARY BUSINESS

### 1. Virtual Annual General Meeting

To consider and, if deemed fit, approve the holding of the Annual General Meeting electronically (Virtually).

### 2. Financial Statements

To receive and approve the audited financial statements and the reports of the directors and auditors for the year ended 31st March 2021.

### 3. Re-election of directors

To elect directors who retire by rotation in terms of Article 100 of the Articles of Association. Messrs. R.J. Mbire and A.J. Musemburi retired by rotation and, being eligible, offer themselves for re-election.

### 4. Resignation of directors

To note the resignations of Mrs. E. Madziva from the Board with effect from 31 December 2020 and Messrs B.L. Nkomo and S. Mahuni with effect from 31 July 2021.

### 5. Confirmation of Appointment of director

To confirm the appointment of Mr. C. Matorera as a director of the Company with effect from 29 June 2021. In accordance with Article 107 of the Company's Articles of Association, he will retire at the Annual General Meeting and, being eligible, he offers himself for re-election.

### 6. Directors' Remuneration

To approve fees accrued to directors for the year ended 31st March 2021.

### 7. Auditors

To approve the remuneration of the independent auditors for the year ended 31st March 2021 and to appoint auditors for the ensuing year.

## SPECIAL BUSINESS

### 8. Secondary Scheme of Arrangement

To update members on the Secondary Scheme of Arrangement.

By Order of the Board



A.J. Musemburi

#### COMPANY SECRETARY

49 Douglas Road  
Workington  
P. O. Box ST396  
Southerton  
Harare

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

# FORM OF PROXY

I / We .....

(please print) being a member of starafriacorporation limited, hereby appoint the Chairman of the Company, or failing him, the chairman of the meeting, or failing him

..... of

..... as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held virtually via Microsoft Teams on Thursday 23 September 2021 at 10:00 hours and at any adjournment thereof.

Signed this ..... day of ..... 2021

Signature

## Notes

In terms of section 171 of the Companies and Other Business Entities Act (Chapter 24:31) as amended any member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy, who need not be a member, to attend and speak and, on a poll, vote in his stead. Proxies must be lodged with the secretary at the Company's registered office at least 48 hours before the meeting.













star**africa**corporation  
limited

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