

DIRECTORS' RESPONSIBILITY

The company's directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract.

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31) (COBE) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements except for the non-compliance stated in the paragraph below.

The principal accounting policies applied in the preparation of these audited annual financial statements are consistent with those applied in the previous annual financial statements, except for non-compliance with (IAS) 21 (Effects of Changes in Foreign Exchange Rates), (IAS) 1 (Presentation of Financial Statements), IFRS 15 (Revenue from Contracts with Customers), (IAS) 2 (Inventories) and valuation methodology on property, plant and equipment. There is no significant impact arising from new and revised IFRS which became effective for reporting periods commencing on or after 1 January 2021.

CAUTIONARY STATEMENT – RELIANCE ON ALL FINANCIAL STATEMENTS PREPARED IN ZIMBABWE FOR 2021/2022

The directors would like to advise users to exercise caution in the use of these annual financial statements due to the material and pervasive impact of the technicalities brought about by the change in the functional currency in Zimbabwe in February 2019, its consequent impact on the usefulness of the financial statements for 2021/2022 financial periods and the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst the Directors have exercised due care, and applied judgements that they felt were appropriate in the preparation and presentation of these annual financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

ADOPTION OF IAS 29 (FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES)

As previously reported, the Public Accountants and Auditors Board (PAAB) having assessed the impact of hyperinflation in the economy advised that the conditions for adopting IAS 29 were satisfied with effect from 1 July 2019.

IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements. The Group has complied with this requirement, and this report is therefore based on inflation-adjusted financial statements. Financial statements prepared under the historical cost convention have been prepared as supplementary information.

EXTERNAL AUDITOR'S STATEMENT

These abridged Group annual financial statements should be read in conjunction with the complete set of the Group annual financial statements for the year ended 10 July 2022. The Group's annual financial statements have been audited by Grant Thornton Chartered Accountants (Zimbabwe), who have issued adverse audit opinion as a result of non-compliance with International Accounting Standard (IAS) 21 (Effects of Changes in Foreign Exchange Rates), (IAS) 2 (Inventories), (IAS) 1 (Presentation of Financial Statements), and IFRS 15 (Revenue from Contracts with Customers) on the presentation of manufacturing profit and valuation methodology on property, plant and equipment.

The Auditor's opinion on the Group's annual financial statements is available for inspection at the Company's registered office. The Engagement Partner responsible for the audit is Mr Trevor Mungwazi (PAAB practicing certificate number 0622).

KEY FINANCIAL REPORTING MATTERS

Users are advised to exercise caution in the interpretation of these Group annual statements.

MERCHANDISE PERFORMANCE

High unemployment levels and low disposable incomes due to inflation had a negative impact on volumes sold, with customers resorting to buying product in the unregulated informal market at prices which the business could not compete against.

TRADING PERFORMANCE

Trading volumes

	Full year to 10 July 2022
Unit growth	+9.5%

Sales participation by enabler	Full year to 10 July 2022	Full year to 11 July 2021
Cash sales	66%	68%
Credit sales	34%	32%

Sales and profitability were adversely affected by the restrictive pricing laws which rendered products expensive in US Dollar terms and relatively cheap in Zimbabwe Dollar terms. This was further exacerbated by the widening gap between the official exchange rate and the market exchange rate.

CREDIT MANAGEMENT

The book grew by 207.1% and 90% of the customers were in good standing and able to purchase compared to 84.8% in the prior year. The allowance for credit losses as a percentage of gross debtors was 13.2% compared to 6.7% in the prior year.

DIRECTORATE

Bruce H. Henderson was appointed to the Board with effect from 1 December 2022. Bruce is a Chartered Accountant by profession with experience in diverse industries. He is also a non-executive director of Dairibord Holdings Limited and Turnall Holdings Limited.

DIVIDEND

The directors deemed it prudent not to declare a dividend.

OUTLOOK

The environment remains uncertain in particular the sustainability of the regulated rate of 200% and tight ZWL liquidity.

The business suspended ZWL credit sales from 1 July 2022 due to the high interest rates.

US Dollar credit is considered on a selective basis where there is assurance that the US Dollar earnings are GUARANTEED. With the suspension of ZWL credit and limited USD credit, volumes will inevitably come down and there will have to be focus on productive cost rationalisation and working capital management.

APPRECIATION

The Board would like to express their heartfelt thanks to Management, Staff and all other stakeholders for their efforts and support in this difficult climate.



M.P. Mahlangu
Chairman

13 January 2023

Registered Office
Stand 808
Seke Road
Prospect Park
Harare



B. Ndebele
Chief Executive Officer

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Note	INFLATION ADJUSTED		HISTORICAL COST	
	52 weeks to 10 July 2022 ZWL\$	52 weeks to 11 July 2021 ZWL\$	52 weeks to 10 July 2022 ZWL\$	52 weeks to 11 July 2021 ZWL\$
Revenue	1 122 857 979	836 542 536	573 697 653	242 183 186
Revenue from contracts with customers	943 980 373	717 495 033	475 697 735	206 578 334
Cost of sales	(370 199 428)	(282 846 419)	(114 419 871)	(41 716 651)
Gross profit	573 780 945	434 648 614	361 277 864	164 861 683
Other operating income	(17 119 292)	7 603 626	335 204	2 314 791
Manufacturing profit / (loss)	3 682 144	(1 846 778)	13 668 205	(387 014)
Trading expenses	(873 514 468)	(676 426 776)	(482 400 539)	(194 429 406)
Trading loss	(313 170 671)	(236 021 314)	(107 119 266)	(27 639 946)
Finance income	162 141 777	107 240 769	89 001 380	32 349 595
Finance costs	(46 300 467)	(31 866 657)	(29 475 283)	(9 459 658)
Fair value adjustment	(3 670 605)	(45 834 983)	-	-
Monetary gain	175 972 229	31 723 806	-	-
Loss before tax	(25 027 737)	(174 758 379)	(47 593 169)	(4 750 009)
Tax (expense) / credit	(12 109 040)	42 481 280	5 566 994	558 465
Loss for the year	(37 136 777)	(132 277 099)	(42 026 175)	(4 191 544)
Other comprehensive income				
Revaluation on property, plant and equipment net of tax	3 331 155	-	94 285 565	23 108 190
Total comprehensive (loss)/ income for the year	(33 805 622)	(132 277 099)	52 259 390	18 916 646
Earnings per share				
Basic and diluted loss per share (cents)	(9.75)	(34.73)	(11.03)	(1.10)
Basic and diluted headline loss per share (cents) 6	(10.11)	(35.45)	(11.13)	(1.33)

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	INFLATION ADJUSTED					
	Share capital ZWL\$	Treasury shares ZWL\$	Non-distributable reserve ZWL\$	Revaluation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
Balance at July 12 2020	1 937 407	(15 992)	80 162 552	-	476 967 044	559 051 011
Loss for the year	-	-	-	-	(132 277 099)	(132 277 099)
Balance at July 11 2021	1 937 407	(15 992)	80 162 552	-	344 689 945	426 773 912
Loss for the year	-	-	-	-	(37 136 777)	(37 136 777)
Revaluation on property, plant and equipment	-	-	-	4 425 020	(1 093 865)	3 331 155
Balance at July 10 2022	1 937 407	(15 992)	80 162 552	4 425 020	306 459 303	392 968 290
	HISTORICAL COST					
	Share capital ZWL\$	Treasury shares ZWL\$	Non-distributable reserve ZWL\$	Revaluation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
Balance at July 12 2020	38 407	(317)	6 765 441	-	11 817 256	18 620 787
Loss for the year	-	-	-	-	(4 191 544)	(4 191 544)
Revaluation of property, plant and equipment	-	-	-	30 696 320	(7 588 130)	23 108 190
Balance at July 11 2021	38 407	(317)	6 765 441	30 696 320	37 582	37 537 433
Loss for the year	-	-	-	-	(42 026 175)	(42 026 175)
Revaluation of property, plant and equipment	-	-	-	114 928 136	(20 642 571)	94 285 565
Balance at July 10 2022	38 407	(317)	6 765 441	145 624 456	(62 631 164)	89 796 823

ABRIDGED GROUP STATEMENT OF CASH FLOWS

	INFLATION ADJUSTED		HISTORICAL COST	
	52 weeks to 10 July 2022 ZWL\$	52 weeks to 11 July 2021 ZWL\$	52 weeks to 10 July 2022 ZWL\$	52 weeks to 11 July 2021 ZWL\$
Net cash utilised in operations	(51 718 611)	(99 616 530)	(78 161 211)	(33 963 791)
Net finance income	115 841 310	75 374 112	59 526 097	22 889 937
Tax paid	(1 613 648)	(329)	(679 886)	(12)
Net cash generated from / (utilised in) operating activities	62 509 051	(24 242 747)	(19 315 000)	(11 073 866)
Cash utilised in investing activities	(680 677)	(3 634 275)	(408 744)	(1 399 614)
Net cash generated from financing activities	21 360 154	43 949 103	21 369 270	13 412 418
Monetary gain	(175 972 229)	(31 723 806)	-	-
Net (decrease) / increase in cash and cash equivalents	(92 783 701)	(15 651 725)	1 645 526	938 938
Cash and cash equivalents at beginning of year	17 337 574	30 170 025	5 946 433	5 007 495
Foreign exchange differences	83 038 086	2 819 274	-	-
Cash and cash equivalents at end of year	7 591 959	17 337 574	7 591 959	5 946 433

SUPPLEMENTARY INFORMATION

1. CORPORATE INFORMATION

The Group is incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. It is engaged in the manufacture and retailing of fashion apparel and related merchandise.

2. BASIS OF PREPARATION

The Group's financial statements for the year ended 10 July 2022 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE) except for the non-compliance with International Financial Reporting Standards explained below. The Group's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwe Dollars (ZWL) and all values have been rounded to the nearest dollar, except where otherwise indicated.

The principal accounting policies applied in the preparation of the Group's inflation adjusted financial statements are in terms of IFRS except for the non-compliance with (IAS) 8 (Accounting Policies, Changes in Accounting Estimates and Errors), (IAS) 21 (The Effects of Changes in Foreign Exchange Rates), (IAS) 2 (Inventories), (IAS) 1 (Presentation of Financial Statements) and IFRS 15 (Revenue from Contracts with Customers) on presentation of manufacturing profit, valuation methodology of property, plant and equipment and the consequential impact on the inflation adjusted amounts determined in terms of (IAS) 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous consolidated annual financial statements.

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

Note	INFLATION ADJUSTED		HISTORICAL COST	
	As at 10 July 2022 ZWL\$	As at 11 July 2021 ZWL\$	As at 10 July 2022 ZWL\$	As at 11 July 2021 ZWL\$
ASSETS				
Non current assets	389 616 432	345 976 231	161 552 597	46 971 440
Property, plant and equipment	369 170 529	314 261 344	158 923 254	40 069 260
Intangible assets	9 096 406	11 933 998	221 724	236 577
Right of use asset	11 349 497	19 780 889	2 407 619	6 665 603
Current assets	545 180 511	560 326 913	357 248 524	120 952 808
Inventories	402 733 152	403 487 458	215 191 591	67 620 564
Trade and other receivables	134 855 400	139 501 881	134 464 974	47 385 811
Cash and cash equivalents	7 591 959	17 337 574	7 591 959	5 946 433
Total assets	934 796 943	906 303 144	518 801 121	167 924 248
EQUITY AND LIABILITIES				
Capital and reserves	392 968 290	426 773 912	89 796 823	37 537 433
Share capital	1 937 407	1 937 407	38 407	38 407
Treasury shares	(15 992)	(15 992)	(317)	(317)
Non-distributable reserves	80 162 552	80 162 552	6 765 441	6 765 441
Revaluation reserve	4 425 020	-	145 624 456	30 696 320
Retained earnings / (Accumulated loss)	306 459 303	344 689 945	(62 631 164)	37 582
Non current liabilities	137 917 591	130 094 941	25 304 820	11 959 696
Deferred tax	136 843 098	125 921 030	24 230 327	10 528 130
Non current portion of lease liability	1 074 493	4 173 911	1 074 493	1 431 566
Current liabilities	403 911 062	349 434 291	403 699 478	118 427 119
Short-term borrowings	42 878 234	57 532 407	42 878 234	19 732 439
Trade and other payables	356 442 272	280 539 317	356 230 688	94 797 552
Current portion of lease liability	1 776 526	5 179 691	1 776 526	1 776 528
Current tax	2 814 030	6 182 876	2 814 030	2 120 600
Total liabilities	541 828 653	479 529 232	429 004 298	130 386 815
Total equity and liabilities	934 796 943	906 303 144	518 801 121	167 924 248
Number of shares in issue (net of treasury shares)	380 901 152	380 901 152	380 901 152	380 901 152
Net asset value per share (cents)	103.17	112.04	23.57	9.85

SUPPLEMENTARY INFORMATION (continued)

2.1 IAS 21 (The Effects of Changes in Foreign Exchange Rates)

As noted in the Group's 2019 financial statements, the Government of Zimbabwe promulgated Statutory Instrument 33 (S.I. 33) on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL\$) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB), noted that the requirements of SI33 were contrary to the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. Due to the material and pervasive impact of these technicalities in the previous periods and the carrying over effects of these misstatements on the current period consolidated inflation-adjusted financial statements, the Directors would like to advise users to exercise caution in their use of these inflation-adjusted financial statements.

2.2 Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 01 July 2019. These financial statements have been prepared in accordance with IAS 29. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in general price index from the dates when initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the year ended 10 July 2022. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 22 February 2019 to the end of the reporting period. All items in the statement of cashflows are expressed based on the restated financial information for the period.

As mentioned above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures. The indices and conversion factors used to restate the accompanying financial statements are as follows:

	Indices	Conversion factor
CPI on 30 June 2022	8 707.35	1.000
CPI on 30 June 2021	2 986.44	2.916
CPI on 30 June 2020	1 445.21	6.025
CPI on 30 June 2019	172.60	50.448

Average CPI - 12 months to 30 June 2022	2.07
Average CPI - 12 months to 30 June 2021	1.21

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
3. INVENTORIES				
Finished goods	351 746 421	355 609 055	190 585 451	61 753 810
Raw materials	49 794 976	45 570 789	24 031 000	5 075 290
Work in progress	1 191 755	2 307 614	575 140	791 464
	402 733 152	403 487 458	215 191 591	67 620 564
4. TRADE AND OTHER RECEIVABLES				
Trade receivables	115 232 689	109 374 301	115 232 689	37 513 147
Prepayments	5 779 706	19 033 696	5 621 247	6 127 799
Other receivables	29 027 446	18 400 651	28 795 479	6 250 937
Allowances for credit losses	(15 184 441)	(7 306 767)	(15 184 441)	(2 506 072)
	134 855 400	139 501 881	134 464 974	47 385 811

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
5. TRADE AND OTHER PAYABLES				
Trade payables	177 874 376	182 928 587	177 874 376	62 740 760
Other payables and accruals	178 567 896	97 610 730	178 356 312	32 056 792
	356 442 272	280 539 317	356 230 688	94 797 552
6. HEADLINE LOSS PER SHARE				
Loss attributable to shareholders	(37 136 777)	(132 277 099)	(42 026 175)	(4 191 544)
Adjusted for non-recurring items:-				
Profit on disposal of property, plant and equipment	(1 370 427)	(2 753 121)	(367 795)	(870 673)
Headline loss	(38 507 204)	(135 030 220)	(42 393 970)	(5 062 217)
Headline loss per share (cents)	(10.11)	(35.45)	(11.13)	(1.33)
Weighted average number of ordinary shares used in calculating earning loss per share	380 901 152	380 901 152	380 901 152	380 901 152
7. CONTINGENT LIABILITIES				
There are no contingent liabilities.				
8. CAPITAL EXPENDITURE FOR THE YEAR	2 651 111	7 305 809	1 268 687	2 365 583
9. GOING CONCERN				
The Directors have assessed the ability to continue as a going concern for the foreseeable future and believe that the preparation of the financial statements on a going concern basis is appropriate.				
10. EVENTS AFTER THE END OF REPORTING PERIOD				
There have not been any events after reporting date that have had an impact on the financial statements. The group continues to rationalise operations though maintaining profitable sites, as such 4 Stores were closed after the reporting period and this had no impact on the financial statements being presented.				

TRUWORTHS
MAN

TOPICS
Top Quality Clothing That Lasts

NUMBER 1
Quality . Style . Price

