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Report on the Review of the Abridged Consolidated Interim Inflation Adjusted Financial Information

Introduction

We have reviewed the accompanying abridged consolidated interim inflation adjusted financial information of Delta Corporation Limited and its subsidiaries ('the Group'), as set out on pages 6 to 24, which comprise the abridged consolidated interim inflation adjusted statement of financial position as at 30 September 2022 and the related abridged consolidated interim inflation adjusted statements of profit or loss and other comprehensive income, changes in equity and cash flows for the half-year period then ended and explanatory notes.

Management is responsible for the preparation and fair presentation of this abridged consolidated interim inflation adjusted financial information in accordance with the International Financial Reporting Standards ('IFRS'). Our responsibility is to express a conclusion on this abridged consolidated interim inflation adjusted financial information based on our review.

Scope of Review

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

Basis for Adverse Conclusion

Non-compliance with International Accounting Standard (IAS) IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Exchange rate used in the prior year and current year

Effective 1 August 2020 – 30 September 2022, management has made use of an internally generated exchange rate to translate foreign balances to \$ZWL. Management also used the internal exchange rate for the consolidation of the foreign operations United National Breweries South Africa and National Breweries Zambia into the Delta Group. This does not comply with IAS 21. The entity converts the Rand and Zambian Kwacha balances to ZWL using an internal effective exchange rate. We believe that the use of a transaction rate was inappropriate for financial reporting as it did not meet the definition of a spot rate. We believe that management should have applied the auction exchange rate as it met the International Financial Reporting Standards definition of a spot rate.

Independent Auditor's Review Conclusion (Continued)

Delta Corporation Limited

The errors resultant from the use of incorrect exchange rates impact both current year and prior year numbers. The prior year errors should have been corrected retrospectively in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This was not done.

As a result, the following elements on the abridged consolidated interim inflation adjusted financial information including comparatives are misstated.

(a) Elements for which misstatements could be quantified on the abridged consolidated interim inflation adjusted statement of financial position:

	30 September 2022		31 March 2022	
	Disclosed amount ZWL	Misstatement	Disclosed amount ZWL	Misstatement
Cash and cash equivalents	23 478 567 000	396 256 567	14 013 469 000	1 080 647 930
Trade and other receivables	26 220 606 681	543 220 966	13 659 739 000	260 112 197
Property plant and equipment	133 204 629 000	179 751 042	116 350 850 000	1 240 723 831
Intangible assets	21 440 951 0000	354 062 048	20 462 071 000	1 509 979 876
Total asset misstatement	204 344 753 681	1 473 290 623	164 485 129 000	4 091 463 834
Trade and other payables	72 287 221 645	(112 925 686)	39 739 016 000	696 858 376
Borrowings	14 636 678 000	(113 183 109)	9 158 138 000	635 933 700
Total liabilities misstatement	86 923 899 645	226 108 795	48 897 154 000	1 332 792 076

(b) Elements for which misstatements could not be quantified on the abridged consolidated interim inflation adjusted statement of financial position:

- For the following elements on the statement of financial position, we could not quantify the misstatements due to the volume of transactions. Nevertheless, we believe the financial information is materially misstated due to the issues noted above; Accumulated Profit – ZW\$ 28 419 773 000, (31 March 2022: ZW\$ 25 325 416 000), Deferred tax – ZW\$37 556 871 000 (31 March 2022: ZW\$23 854 858 000), Inventory – ZW\$61 463 836 000 (31 March 2022: ZW\$ 40 123 038 000) and other assets ZW\$39 676 101 000 (31 March 2022: ZW\$26 565 913 000).

(c) Elements for which misstatements could not be quantified on the abridged consolidated interim inflation adjusted statement of profit or loss:

- Most elements on the abridged consolidated interim inflation adjusted statement of profit or loss and other comprehensive income for current and prior year except for other income and finance income are materially misstated as a result of the matters described above. Due to the volume of transactions, the misstatements on the abridged consolidated interim inflation adjusted statement of profit or loss and other comprehensive income cannot be quantified. Consequently, the abridged consolidated interim inflation adjusted statements of changes in equity and cashflows are impacted.

Our audit report for the year ended 31 March 2022 and our review conclusion at 30 September 2021 were both modified for the same matters noted above.

Independent Auditor's Review Conclusion (Continued)

Delta Corporation Limited

Consequential impact on IAS 29 – 'Financial Reporting in Hyperinflationary Economies' – Group

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 stated accounts would have been materially different. Consequently, the Net Monetary losses of ZW\$ 24 826 735 000 (31 March 2022: ZW\$8 884 793 000) on the abridged consolidated interim inflation adjusted statement of profit or loss and other comprehensive income are impacted.

Our prior year audit report was modified for the same matter.

The effects of the above departures from IFRS are material and pervasive to the abridged consolidated interim inflation adjusted financial information.

Adverse review conclusion

Our review indicates that, because of the matters outlined in the basis for adverse conclusion, as described in the preceding paragraphs, the abridged consolidated interim inflation adjusted financial information does not present fairly, in all material respects, the financial position of the Group as at 30 September 2022, and of its financial performance and its cash flows for the half-year period then ended in accordance with the International Financial Reporting Standards.

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed inflation adjusted consolidated and separate financial information is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).



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16 November 2022