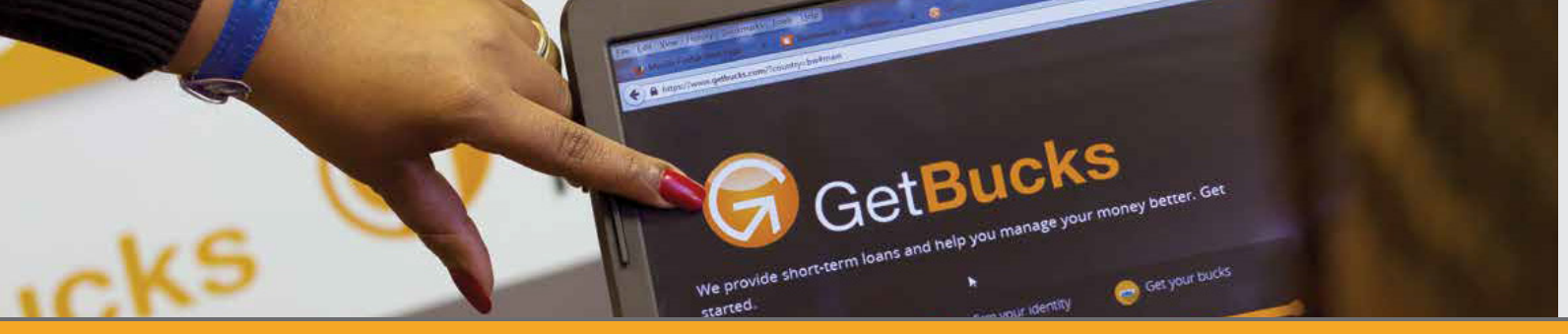

GetBucks

Deposit Taking Microfinance Institution

GBZW 1675/01

GETBUCKS FINANCIAL SERVICES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

CHAIRMAN'S STATEMENT

Shareholders,
It is with pleasure that I present the audited financial statements of GetBucks Financial Services Limited ("the Company") for the year ended 30 June 2016. This is the first report since the Company was listed on the Zimbabwe Stock Exchange and granted a Deposit Taking Licence by the regulatory authorities in January 2016. Your company achieved significant firsts in both cases, that is, the first Deposit Taking Microfinance Licence in the country and the first Initial Public Offer on the Zimbabwe Stock Exchange since dollarization. The Company is poised to introduce other novel initiatives on the local market aimed at providing value to its clients and returns to shareholders.

The ultimate parent company, MyBucks SA also achieved a listing on the Frankfurt Stock Exchange in June 2016. This means that the Company is part of a larger group of companies present in 9 African and 2 European markets giving us the ability to leverage off group synergies and provide value services to the local market using world class technology. The prospects of the Company and the group look bright.

RESULTS

Operating environment
The Zimbabwean operating environment continued to deteriorate during the period under review. Significant challenges were experienced on the cash and Nostro payment platforms as a result of a negative balance of payments position of the country. Revenue collections by the Government were 9.31% below target and the Minister of Finance and Economic Development in his mid-term budget statement projected a lower GDP of 1.4% down from 2.7%.

These headwinds have constrained the financial services sector in general but also created opportunities in the transactional banking in the short term as the environment turns to electronic means of transmitting cash. The company has undertaken several projects to improve its payment platforms and introduce new transactional services like RTGS and ZIMswitch.

Strategy
The Company will continue to focus on financial technology (Fintech) as a means of providing financial services. We believe this strategy will provide real growth and opportunities in the short and long term horizons of our business. In order to achieve this goal, significant support has been drawn from the group in order to bring in new technology for credit scoring, loan disbursement and banking operations. The Board believes these investments will result in sustainable profitability for the Company.

Importantly during the year, the Company launched savings accounts for business and individuals, started lending to Small and Medium Enterprises and introduced a tailor-made home loan product for the low income groups. These initiatives will diversify the loan book and revenue streams while delivering expanded products and services for our customers .

Operating results
The company recorded a profit after tax of $3 million for the year ended 30 June 2016, relative to $4.6 million in the previous period due to increased operating expenses and net Interest Income increased by 23% from $8.9 million to $11 million. Operating expenses grew from $2.6 million to $5.9 million over the same period. This was mainly due to increased costs emanating regulatory compliance with the requirements for deposit taking as well as the introduction of new products and technologies. Net interest income was higher due to revenues from increased loans disbursed during the current year. New revenue streams from the recently introduced banking services are expected to contribute to profitability in the coming financial year.

Financial Position
Total assets grew by 43% from $14 million to $20 million with 80% of assets being cash or interest bearing assets. Loans and advances to customers increased by 19% to $13.8 million. Customer deposits closed at $0.7 million within the first six months of deposit taking.

Capital
The Company was adequately capitalized with a net equity position of $10 419 825. This capital position is well above the minimum regulatory threshold of $5 million for deposit taking microfinance institutions.

Dividend
The Company strives to ensure that the shareholders obtain maximum return on their investment and in keeping with this objective the Board proposed and paid an interim dividend of $0.0004 per share. Based on the results attained at the end of the year the Board recommends an additional and final dividend of $0.00023 per share. This will bring the total dividend for the year to $0.00063 per share which the Board recommends as the final dividend for the year ended 30 June 2016.

Corporate social responsibility
The Board and Management remain committed to improving the social wellbeing of the communities that we serve. During the period the Company was involved in corporate social responsibility initiatives in education, sports and culture across provinces in the country.

One of the initiatives taken by the Company to identify vulnerable groups across the country, was the outreach to the child headed families in the rural areas. GetBucks donated foodstuffs blankets and educational materials to the beneficiaries. The Company will continue these initiatives across the country throughout the year.

Financial inclusion
As a FinTech company our goal is to drive the financial inclusion agenda through technology. We strive to become the private banker of the underbanked communities and improve livelihoods. Through technology we bridge the gap between the virtual and traditional worlds of banking to enable faster, more efficient and affordable access to financial services.

Outlook
It is expected that the new services launched will bring new revenues to the business and offer more convenience and choice to customers. The company is poised to launch additional initiatives that will define the role of financial technology on the local market. The company will embrace the challenging economic environment and identify opportunities to satisfy customer financial needs through the use of technology.

Directorate
On 1 September 2016 Mr. Johan Jonck resigned from the Board of Directors to focus on other business ventures. I would like to thank him for his contribution to the company since its inception.

Appreciation
I would like to thank our clients, management and staff, regulatory authorities and fellow Directors for their contribution during the year and the achievement of these excellent results in a tough environment.

Mr. G Madzima
CHAIRMAN

30 September 2016

DIVIDEND DECLARATION NOTICE

Notice is hereby given that on 28 September 2016, the Board of Directors of GetBucks Financial Services Limited has declared a final dividend of US$ 0.00023 (0.023 cents) per share payable in respect of all ordinary shares of the company.

This dividend is in respect of the year ended 30 June 2016 and will be payable in full to all shareholders of the company registered at close of business on 14 October 2016.

The payment of this dividend will take place on or about 31 October 2016.

The shares of the company will be traded cum-dividend ("with dividend") on the Stock Exchange up to the market day of 7 October 2016 and ex-dividend as from 10 October 2016. Non-resident shareholders tax and resident shareholder tax will be deducted from the gross dividends where applicable.

By Order of the Board

Mr. P. Soko
COMPANY SECRETARY

30 September 2016

DIRECTOR'S REPORT

The directors have pleasure in submitting their report and the annual financial statements of GetBucks Financial Services (Private) Limited for the year ended 30 June 2016. The company completed a stock exchange listing and commenced as a Deposit taking Microfinance Institution in January 2016.

1 INCORPORATION

The company was incorporated on 17 January 2012 and obtained its certificate to commence business on the same day. The company stated trading from August 2012. The company was listed on the Zimababwe Stock Exchange as a public company in January 2016 following an Initial Public Offer.

2 NATURE OF BUSINESS

Following the issuance of a licence by the Reserve Bank of Zimbabwe in January 2016, the company changed from a lending only microfinance institution to a Deposit Taking Microfinance Institution. All the company's operations are in Zimbabwe.

DIRECTOR'S REPORT (continued)

2 NATURE OF BUSINESS (continued)

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Registered office	5 Central Avenue MIPF House, Ground Floor Harare Zimbabwe
Business address	5 Central Avenue MIPF House, Ground Floor Harare Zimbabwe

3 REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Zimbabwe Companies Act (Chapter 24:03), the Reserve Bank of Zimbabwe and Zimbabwe Stock Exchange Regulations. The accounting policies have been applied consistently compared to the prior year.

4 SHARE CAPITAL

	2016 US$	2015 US$	2016 Number of shares	2015 Number of shares
Authorised				
Ordinary shares	2 000	2 000	20 000 000 000	2 000
Issued				
Ordinary shares	109	100	1 093 567 251	100

Refer to note 11 of the annual financial statements for detail of the movement in authorised and issued share capital.

5 DIVIDENDS

During the financial year the company paid an interim dividend of $0.0004/share amounting to US$500 000 in respect of the current financial year. The Directors recommend a final dividend of $0.00023/share for the year bringing the total dividend to $0.00063/share for the year.

6 DIRECTORS

The directors in office at the date of this report are as follows:

6.1

Directors		Nationality	Changes
G. Madzima	Chairman	Zimbabwean	Appointed 9 September 2015
M. Muchando-Murevesi	Managing Director	Zimbabwean	Appointed 1 January 2016
G. Fourie	Operations Director	South African	
W.T. Kambwanji		Zimbabwean	
G. Manyere		Zimbabwean	
J.H. Jonck		South African	Resigned 1 September 2016
R. Mbire		Zimbabwean	Appointed 9 September 2015
D. Van Niekerk		South African	
M. Manjengwah		Zimbabwean	Appointed 9 September 2015
P. Saungweme		Zimbabwean	Appointed 9 September 2015
G.J.D. Jonck		South African	Resigned 16 July 2015
R.G. Muirimi		Zimbabwean	Resigned 16 July 2015

6.2 Meeting Attendance

Main Board	Total meetings	Total present	Total absent
G. Madzima	3	3	nil
M. Muchando-Murevesi	2	2	nil
G. Fourie	3	2	1
W.T. Kambwanji	3	3	nil
G. Manyere	3	3	nil
J.H. Jonck	3	1	2
R. Mbire	3	3	nil
D. Van Niekerk	3	2	1
M. Manjengwah	3	3	nil
P. Saungweme	3	2	1
Audit and Risk Committee			
R. Mbire	3	3	nil
G. Manyere	3	3	nil
P. Saungweme	3	2	1
M. Manjengwah	3	3	nil
Loans Review Committee			
P. Saungweme	3	2	1
G. Manyere	3	3	nil
R. Mbire	3	3	nil
Remuneration Committee			
M. Manjengwah	1	1	nil
W.T. Kambwanji	1	1	nil
D. Van Niekerk	1	nil	1
Credit Committee			
M. Manjengwah	3	3	nil
D. Van Niekerk	3	2	1
G. Madzima	3	3	nil

7 CORPORATE GOVERNANCE

Getbucks Financial Services Limited adheres to governance practices as stipulated by the Reserve Bank of Zimbabwe Corporate Governance Guideline. The Board has set up the Audit & Risk Committee, Remuneration Committee, Credit Committee and Loans Review Committee to assist in the discharge of its duties and responsibilities.

The Board has also appointed management commitees to assist in the execution of its mandate namely, the Asset and Liability Committee (ALCO) and Executive Committee.

Board of Directors
The Board of Directors is comprised of ten members. The board consists of 2 executive and 8 non-executive members. Of the 8 non-executive members 4 are independent non-executive directors. The chairpersons of the board and all board committees are independent non-executive directors.

Audit & Risk Committee
The Committee oversees the company's financial reporting process, monitoring the integrity and appropriateness of the company's financial statements; evaluating the adequacy of the company's financial and operational processes, compliance, internal controls and risk management processes and the selection, compensation, independence and performance of the company's external and internal auditors. The Committee meets at least four times a year. The Committee meets regularly with the company's internal and external auditors. Both the internal and external auditors have unrestricted access to the audit Committee to ensure their independence and objectivity.

Composition		
Mr R. Mbire	Chairman	Mr. P. Saungweme
Mr G. Manyere		Ms. M. Manjengwah

Loans Review
The Loans Review Committee assesses compliance of the loan book with the lending policy and regulations. The Committee conducts loan reviews independent of any person or Committee responsible for sanctioning credit.

DIRECTOR'S REPORT (continued)

7 CORPORATE GOVERNANCE (continued)

Composition		
Mr. P. Saungweme	Chairman	Mr R. Mbire
Mr G. Manyere		

Credit Committee
The Credit Committee's main responsibilities are to consider loan applications beyond the discretionary limits of the Executive Credit Committee and to direct the formulation of, review and monitor the credit principles and policies of the company.

Composition		
Ms. M. Manjengwah	Chairperson	Mr G. Madzima
Mr D. Van Nierkerk		

Remuneration Committee
The Committee is responsible for setting the company's remuneration philosophy and reviews the overall remuneration structures of the company, including all material remuneration proposals and packages for Executive Directors and senior personnel.

Composition		
Ms. M. Manjengwah	Chairperson	Mr W.T. Kambwanji
Mr D. Van Nierkerk		

Executive Committee
The Executive Committee is the operational management forum responsible for the delivery of the Bank's operational plans. The Executive Committee acts as a link between the Board and management and is responsible for implementation of operational plans, annual budgeting and periodic review of strategic plans, as well as identification and management of key risks. The Executive committee is made up of the Managing Director, Operations Director and Chief Finance Officer.

Assets and Liabilities Committee (ALCO)
The ALCO's objective is to derive the most appropriate strategy for the bank in terms of the mix of assets and liabilities given its expectations of the future and potential consequences of interest rate movements, liquidity constraints and capital adequacy within on acceptable risk frameworks.

The committee is made up of executive committee members and heads of department.

8 DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into which directors or officers of the company has an interest and which significantly affected the business of the company.

9 HOLDING COMPANY

The company's holding company is GetBucks Limited which holds 50.3% (2015: 55%) of the company's equity. GetBucks Limited is incorporated in Mauritius as from 2011. GetBucks Limited is a wholly owned subsidiary of Mybucks S.A which is listed on the Frankfurt Stock Exchange.

10 EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

11 GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

12 AUDITORS

PricewaterhouseCoopers Chartered Accountants (Zimbabwe) continued in office as auditors of the Company for 2016 in accordance with the Zimbabwe Companies Act (Chapter 24 : 03). At the AGM the directors recommend the continuation and remuneration of the auditors. The unqualified audit report is available for inspection at the company's registered office.

13. FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity and the statement of cash flows as at 31 December 2015, together with the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and legislative and regulatory requirements.

The directors' 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.

The information contained in these financial statements has been prepared on a going concern basis and is in accordance with the provisions of the Companies Act [Chapter 24:03] and International Financial Reporting Standards (IFRSs).

14 DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The annual financial statements have been authorised for issue by the directors on 28 September 2016. No authority was given to anyone to amend the annual financial statements after the date of issue.

For and on behalf of the Board of Directors

30 September 2016

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 US$	2015 US$
ASSETS			
Cash and cash equivalents	4	3 370 560	1 528 606
Loans and advances to customers	5	13 812 780	11 600 480
Amounts due from shareholders	6	2 623 191	77 839
Other assets	7	452 941	608 660
Deferred income tax assets	8	-	66 374
Intangible assets	9	13 466	786
Equipment	10	271 128	196 483
Total assets		**20 544 066**	**14 079 228**
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	11	109	100
Share application funds reserve	11	999 900	999 900
Share premium	11	2 883 628	-
Retained profits		6 536 188	5 021 932
Total Equity		**10 419 825**	**6 021 932**
LIABILITIES			
Other financial liabilities	13	1 233 433	890 262
Deposits from customers	14	657 888	-
Current tax payable	22	-	92 874
Deferred tax liabilities	8	17 009	-
Borrowings	12	8 215 911	7 074 160
Total liabilities		**10 124 241**	**8 057 296**
Total equity and liabilities		**20 544 066**	**14 079 228**

The above statement of financial position should be read in conjunction with accompanying notes.

Directors: G. Madzima (Chairman), M. Muchando-Murevesi* (Managing Director), G.T. Fourie* (Operations Director), W.T. Kambwanji, G. Manyere, J.H. Jonck, R. Mbire, D.Van Niekerk, M. Manjengwah, P. Saungweme. *Executive.
Registered Office: Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.

GetBucks Now Offers Banking & Online Credit
www.getbucks.com

GBZW 1675/02

GetBucks

Deposit Taking Microfinance Institution

GETBUCKS FINANCIAL SERVICES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 US$	2015 US$
Interest income	15	6 851 792	6 868 389
Interest expense	16	(925 157)	(1 036 779)
Net interest income		**5 926 635**	**5 831 610**
Fee and commission Income	17	5 158 911	3 130 971
Total net income		**11 085 546**	**8 962 581**
Impairment and allowances	5.6	(954 601)	(246 507)
Operating expenses	18	(5 921 239)	(2 557 946)
Profit before taxation		**4 209 706**	**6 158 128**
Income tax expense	19	(1 195 450)	(1 595 698)
Profit for the year		**3 014 256**	**4 562 430**
Other comprehensive income			
Items that will not be reclassified to profit or loss:		-	-
Items that may be subsequently reclassified to profit or loss:		-	-
Total comprehensive income/(loss) for the year, net of tax		**3 014 256**	**4 562 430**
Earnings per share (cents)	11	**0.28**	**0.42**
Diluted earnings per share (cents)	11	**0.28**	**0.42**

The above statement of comprehensive income should be read in conjunction with accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Share capital US$	Share premium US$	Share application fund reserve US$	Retained Earnings US$	Total equity US$
Balance at 1 July 2014	100	-	999 900	1 459 502	2 459 502
Profit for the year	-	-	-	4 562 430	4 562 430
Total comprehensive profit for the year	**-**	**-**	**-**	**4 562 430**	**4 562 430**
Dividends declared and paid	-	-	-	(1 000 000)	(1 000 000)
Balance at 30 June 2015	**100**	**-**	**999 900**	**5 021 932**	**6 021 932**
Balance at 1 July 2015	**100**	**-**	**999 900**	**5 021 932**	**6 021 932**
Profit for the year	-	-	-	3 014 256	3 014 256
Share issue	9	-	-	-	9
Share premium		3 199 991	-	-	3 199 991
Share issue costs		(316 363)	-	-	(316 363)
	-	-	-	-	-
Total comprehensive income for the year	**109**	**2 883 628**	**999 900**	**8 036 188**	**11 919 825**
Dividends declared and paid	-	-	-	(1 500 000)	(1 500 000)
Balance at 30 June 2016	**109**	**2 883 628**	**999 900**	**6 536 188**	**10 419 825**

The above statement of changes in equity should be read in conjunction with accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 US$	2015 US$
Cash flows from operating activities			
Cash generated from operations	21	4 118 943	3 123 972
Interest received		120 654	-
Interest paid		(885 306)	-
Income tax paid	22	(1 419 505)	(1 595 135)
Net cash flows generated from operating activities		**1 934 786**	**1 528 837**
Cash flows from investing activities			
Purchase of equipment		(204 702)	(179 951)
Purchase of software	9	(16 775)	(1 275)
Advances to shareholders	23	(2 858 000)	-
Repayments from shareholders	23	500 000	-
Net cash flows utilised in investing activities		**(2 579 477)**	**(181 226)**
Cash flows from financing activities			
Proceeds from share issue	11	2 883 628	-
Proceeds from other financial liabilities	12	1 103 017	150 783
Proceeds from shareholders loan		-	232 983
Proceeds from loans from shareholders		-	-
Dividends paid		(1 500 000)	(1 000 000)
Net cash flows generated from/(used in) financing activities		**2 486 645**	**(616 234)**
Net increase in cash & cash equivalents		**1 841 954**	**731 377**
Cash and cash equivalents at the beginning of the year		1 528 606	797 229
Cash and cash equivalents at the end of the year	4	**3 370 560**	**1 528 606**

The above statement of cash flows should be read in conjunction with accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1 GENERAL INFORMATION

Getbucks Financial Services (Private) Limited ("Getbucks" or "the Company") is registered as Deposit Taking Microfinance Institution by the Reserve Bank of Zimbabwe, under the Zimbabwe Money Lending and Interest Rates Act (Chapter 14:41), and is a subsidiary of GetBucks Limited which holds 50.3%, (2015 :55%) of the company's equity. The company was listed on the Zimbabwe Stock exchange on 15 January 2016 and obtained its Deposit Taking Microfinance License during the same month. Prior to that the company operated as a lending only microfinance institution.

The Company is a limited liability company incorporated and domiciled in Zimbabwe.

The address of its registered office is 1st Floor, MIPF House, 5 Central Avenue, Harare, Zimbabwe.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The GetBucks financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). The financial statements have been prepared on the historical cost basis, and incorporating the principal accounting policies set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.1 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations, issued but not effective for the first time for 30 June 2016 year-end

IFRS	Effective date	Executive Summary
Amendments to IAS 1,'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
Amendment to IAS 12 – Income taxes	1 January 2017	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.
Amendment to IAS 7 – Cash flow statements	1 January 2017	In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities
IFRS 15 – Revenue from contracts with customers	1 January 2018	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.
IFRS 9 – Financial Instruments (2009 & 2010) • Financial liabilities • Derecognition of financial instruments • Financial assets • General hedge accounting	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.
Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting	1 January 2018	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: • The own credit risk requirements for financial liabilities. • Classification and measurement (C&M) requirements for financial assets. • C&M requirements for financial assets and financial liabilities. • The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations, issued but not effective for the first time for 30 June 2016 year-end (continued)

IFRS	Effective date	Executive Summary
IFRS 16 – Leases	1 January 2019	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

(b) Annual Improvements 2014, issued September 2014

In September 2014, the IASB issued Annual improvements to IFRSs 2012 – 2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016.

IFRS	Effective date	Executive Summary
Amendment to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'	1 January 2016	"This is an amendment to the changes in methods of disposal – Assets (or" disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose ' an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.
Amendment to IFRS 7 – 'Financial Instruments: Disclosures'	1 January 2016	Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
Amendment to IAS 19 – 'Employee Benefits'	1 January 2016	Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
Amendment to IAS 34 – 'Interim Financial Reporting'	1 January 2016	Disclosure of information 'elsewhere in the interim financial report' The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

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Directors: G. Madzima (Chairman), M. Muchando-Murevesi* (Managing Director), G.T. Fourie* (Operations Director), W.T. Kambwanji, G. Manyere, J.H. Jonck, R. Mbire, D.Van Niekerk, M. Manjengwah, P. Saungweme. *Executive.
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GetBucks

Deposit Taking Microfinance Institution

GBZW 1675/03

GETBUCKS FINANCIAL SERVICES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.2 Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current financing. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.2 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the United States of America dollar ("US$"), which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains or losses are presented in the statement of comprehensive income within 'other income'.

2.3 Financial Instruments

In accordance with IAS 39, 'Financial instruments recognition and measurement', all financial assets and liabilities have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.3.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Company does not intend to sell immediately or in the near term. The Company's loans and receivables comprise loans and advances to customers 'and 'cash and cash equivalents' in the statement of financial position. Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and receivables are stated net of impairment allowances.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value are initially recognised at fair value, and transaction costs are expensed within administrative expenses in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has t transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss and available-for-sale financial assets is recognised in the statement of comprehensive income when the Company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When these financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains or losses from investment securities'

The fair values of quoted investments are based on current bid prices. If the market for a financial asset (and for unlisted securities) is not available, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs & relying as little as possible on entity-specific inputs.

The Company classifies the financial instruments into classes that reflect the nature of information and take into account characteristics of those financial instruments.

2.3.2 Financial liabilities

The Company's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include borrowings. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for
liquidity services and amortised over the period of the facility to which it relates.

2.3.3 Categories of financial Instruments

The Company classifies its financial instruments into classes that reflect the nature of information and takes into account the characteristics of those financial instruments. The classification made can be seen in the table below:

Category (as defined by IAS 39) Financial Instruments: recognition and measurement		Class (as determined by the company)	Subclasses (as determined by the company)
Financial assets	Loans and receivables	Cash and cash equivalents	
		Other receivables	
		Loan to indivuduals	Term loans
		Loan to SMEs	Term loans
Financial Liabilities	Financial liabilities at amortized cost	Borrowings	
		Other liabilities	
		Amounts due to group companies	
Contingent liabilities and commitments	Loan commitments		

2.3.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains or losses arising from a group of similar transactions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.5 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably measured.

Objective evidence that a financial asset or a group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as default or delinquency in interest or principal payments
(iii) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of

financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in a group including:
-adverse changes in the payment status of borrowers in a group; or
-national or local economic conditions that correlate with defaults on the assets in a group

2.3.6 Assets carried at amortised cost

If there is objective evidence that loss event (or events) on loans and receivables carried at amortised cost has occurred, the amount of the allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the allowance is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring an impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in the statement of comprehensive income.

2.3.7 De-recognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests controls to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition. The Company derecognises a financial liability when its contractual obligations have been discharged or cancelled or have
expired.

Collateral furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for de-recognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a portion of the risks.

2.3.8 Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Company does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and advances are stated net of impairment allowances.

Impairment allowances on advances and loans

Impairment allowances are held in respect of loans and advances. The level of impairment is determined in accordance with the provisions set out in International Accounting Standard, ("IAS") 39, 'Financial instruments: recognition and measurement'.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of the loans and advances. The amount of the allowance is the difference between the carrying amount and the recoverable amount.

The impairment allowance also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the statement of financial position date. These have been estimated based upon historical patterns of losses in each component and reflecting the current economic climate in which the borrowers operate. When a loan is uncollectible, it is written off against the related allowance for impairment. Subsequent recoveries are credited to the statement of comprehensive income.

Specific impairment for non-performing loans, covering identified impaired loans, are based on periodic evaluations of the loans and advances and take account of past loss experience, economic conditions & changes in the nature and level of risk exposure.

Specific impairment against loans and advances is based on an appraisal of the loan portfolio, and is made where the repayment of identified loans is in doubt. Portfolio impairment is made in relation to losses which, although not separately identified, are known from experience to exist in any loan portfolio.

Impairment allowances, are applied to write-off advances when all security has been realised and further recoveries are considered to be unlikely. Recoveries of bad debts that would have been written off are shown as other income in the statement of comprehensive income and where the bad debts are still part of an impairment allowance in the financial statements, they are shown as a recovery in the statement of financial position.

Non-performing loans

Interest on loans and advances is accrued to income until such time as reasonable doubt exists about its collectability, thereafter and until all or part of the loan is written-off, interest continues to accrue on customers' accounts but is not included in income. Such suspended interest is deducted from loans and advances in the statement of financial position.

Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are reset to performing loan status. These loans are subject to ongoing review to determine whether they are considered impaired or past due.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in liabilities in the statement of financial position.

2.5 Intangible assets

Software licenses

Separately acquired software licences are shown at historical cost, less accumulated amortisation. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over the useful lives not exceeding two years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of two years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment

a) Recognition and measurement

The cost of an item of property and equipment is recognised as an asset if, and only if; it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Property and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing working condition for its intended use, the cost of dismantling the asset and removing items and restoring the site on which they are located.

b) Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property or equipment have different useful lives, they are accounted for (major components) as separate property, plant and equipment.

Subsequent measurement

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income within 'administrative expenses' during the financial period in which they are incurred. Subsequent costs can also be recognised as separate assets.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Items	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Leasehold improvements	Duration of the lease agreement

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income within other 'operating income'.

The carrying amounts of the Company's items of property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment allowance is recognised whenever the carrying amount exceeds its recoverable amount.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than the estimated recoverable amount.

c) De-recognition

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

2.7 Current and deferred income tax

Current income tax assets and liabilities

The income tax expense for the year comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in Zimbabwe. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.8 Share capital

Ordinary shares and Share Premium

Ordinary shares are classified as equity. Share premium is the difference between the nominal value and issue price paid for shares on subscription by shareholders.

2.9 Share application reserve

Proceeds received from investors for the purchases of shares not yet issued in their name are credited to the share application fund reserve and transferred to stated capital upon formal issue and registration of the purchased shares to the investor.

2.9.1 Share issue costs

Transaction costs incurred as a necessary part of completing an equity transaction are accounted for as part of that transaction and are deducted from equity. These transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are directly attributable to the equity transaction that otherwise would have been avoided.

2.10 Revenue recognition

Revenue is derived substantially from the microfinance business and related activities and comprises interest income and non-interest income.

Revenue is measured at the fair value of the consideration received or receivable. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due and measurement of the associated costs incurred to earn the revenue. From the business of micro finance and related services, revenue comprises interest income and fees and commission income.

2.10.1 Interest income and interest expense

Interest income and interest expense are recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate until it reaches the induplum limit. Interest income excludes fair value adjustments on interest-bearing financial instruments. Fair value adjustments on financial instruments are reported under other income.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, discounts or premiums tha are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of a financial asset or liability.

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Deposit Taking Microfinance Institution

GETBUCKS FINANCIAL SERVICES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10.2 Fee and commission income

Fee and commission income is generally recognised on an accrual basis when the service has been provided. Loan commitment fees ("establishment fees") for loans that are likely to be drawn down are deferred over the life of the loan and set-off against acquisition costs that relate to the similar loans and tenures.

2.11 Leases

Company as a lessor

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. The outstanding principal amounts less unearned finance charges, are included in advances to customers in the statement of financial position.

The finance charges earned are computed at the effective interest rates in the contracts and are in proportion to balances outstanding under each contract. The unearned portion of finance charges is shown as a deduction from loans and advances. The Company had no finance leases during the reporting period ended 30 June 2016 (30 June 2015: US$nil).

Lease income from operating leases is recognised in the statement of comprehensive income within 'other operating income' on a straight-line basis over the lease term.

Company as a lessee

Leases of assets under which the lessor effectively retains all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.13 Employee benefits

a) Termination benefits

Termination benefits are benefits payable as a result of the Company's decision to terminate employment before the normal retirement date (or contractual date) or whenever an employee accepts voluntary redundancy in exchange of those benefits. Termination benefits are recognised as an expense at the earlier of the following dates : (a) when the Company can no longer withdraw the offer for these benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37, 'Provisions, contingent liabilities and contingent liabilities', and involves the payment of terminal benefits. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

b) Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render service. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

c) Bonus plans

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

d) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after completion of employment.

Obligations for contributions to a defined contribution pension plan are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to passage of time is recognised as interest expense. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave.

2.15 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the Company's Directors.

2.16 Segment Information

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available

The company operates within the micro-finance sector. The activities of the company are mostly related to providing financial services to the low income earners in Zimbabwe who require funding for the daily consumption needs. The operating segment is reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker which is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Executive committee, which makes strategic decisions

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of the preparation of the financial statements experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality.

3.1 Income taxes

The Company is subject to income tax in Zimbabwe. Significant judgement is required in determining the income tax. There are many transactions and calculations for which ultimate tax determination during the ordinary course of business is estimated. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from amounts that were initially recognised, such differences will impact the current and deferred income tax liabilities in the period in which such determination is made.

Most of the company's revenues are taxable and expenses deductable for tax purposes. Judgement is required to determine some estimates that qualify for tax deduction.

3.2 Impairment losses on loans and advances

The Company reviews its loan portfolios to assess impairment at least monthly. In determining whether an impairment allowance should be recorded in the statement of comprehensive income, the Company makes judgements as to whether there is measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Whereas in prior year the company computed specific impairment allowances this has now been modified to a general allowance in which all loans are considered for impairment (refer note 29.1)

4 CASH AND CASH EQUIVALENTS

	2016 US$	2015 US$
Cash and cash equivalents consist of:		
Cash on hand	140 127	59 243
Bank balances	3 230 433	1 469 363
	3 370 560	**1 528 606**

4 CASH AND CASH EQUIVALENTS (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2016 US$	2015 US$
Credit rating		
AA-	37 654	29 032
A+	7 725	14 830
A	-	95 634
BBB	2 025 724	-
BB+	1 054 432	1 243 927
B+	27 057	85 940
B-	77 841	-
	3 230 433	**1 469 363**

5 LOANS AND ADVANCES TO CUSTOMERS

5.1 Loans and advances maturities

Maturing within 3 months	6 826 933	3 711 338
Maturing within 3 - 12 months	6 802 042	3 264 512
Maturing 1- 5 years	756 071	3 803 113
Maturing over 5 years	-	1 267 703
Gross carrying amount	14 385 046	12 046 666
Less credit impairment (note 5.6)	572 266	446 186
Specific impairment allowance (note 5.6)	-	208 756
Portfolio impairment allowance	572 266	237 430
Net carrying amount	**13 812 780**	**11 600 480**

The maturity analysis of loans and advances is based on the remaining period to contractual maturity from year end. The amount pledged as security by customers to Getbucks as at 30 June 2016 stood at US$ 2 988 000 (2015:US$nil). Collateral comprises cession of book debts and mortgage bonds (note 29.1).

5.2 Irrecoverable commitments

There are no irrevocable commitments to extend credit, which can expose the Company to penalties or expense.

5.3 Sectorial Analysis

	2016 US$	2016 %	2015 US$	2015 %
Consumer Loans	12 614 260	91%	11 600 480	100%
Small and Medium Enterprises (SME)	1 198 520	9%	-	-
	13 812 780	100%	11 600 480	100%

Consumer Loans: relates to deduction at source based loans to civil servants and public sector employee lending. SME: relates to loans and advances to small and medium enterprises

The company does not report on operating segments as the SME sector does not meet the definition of a reportable segment (note 25).

	Single highest customer loan 2016 %	Single highest customer loan 2015 %	Top 10 highest loan 2016 %	Top 10 highest loan 2015 %
Customer concetration	2.5	0.04	4.6	0.4

5.4 Analysis of Credit Quality by Sector

Grade 1-4: Perfoming loans and loans with up to 30 days arrears
Grade 5-6: Loans with 31-60 days arrears
Grade 7-8: Loans with 61-90 days arrears
Grade 9-10: Loans greater than 90 days arrears

	Grade 1-4 US$	Grade 5-6 US$	Grade 7-8 US$	Grade 9-10 US$	Total US$
As at 30 June 2015					
Consumer	11 056 956	257 171	70 632	215 721	11 600 480
	11 056 956	257 171	70 632	215 721	11 600 480
As at 30 June 2016					
Consumer	11 999 894	162 883	288 987	162 496	12 614 260
SME	1 198 520	-	-	-	1 198 520
	13 198 414	**162 883**	**288 987**	**162 496**	**13 812 780**

5.5 Exposure to Credit Risk

	2016 US$	2015 US$
Past due and impaired		
Grade 7 - 8	369 104	278 188
Grade 9 -10	460 074	302 649
Grade 5 - 6	260 496	324 099
Neither Past due nor impaired		
Grade 1- 4	13 295 372	11 141 730
Gross carrying amount	14 385 046	12 046 666
Less credit impairment allowance (note 5.6)	572 266	446 186
Carrying amount	13 812 780	11 600 480
Impairment as a percentage of gross loans and advances	4.0%	3.7%

5.6 Impairment loss on loans and advances

	Specific Allowance US$	Portfolio Allowance US$	Total Allowance US$
Balances as at 1 July 2014	66 434	139 390	205 824
Increase in impairment Allowance	125 002	134 040	259 042
Loans written off	(18 680)	-	(18 680)
Balances as at 30 June 2015	**172 756**	**273 430**	**446 186**
Balances as at 1 July 2015	172 756	273 430	446 186
(Decrease)/Increase in impairment Allowance	(172 756)	1 127 357	954 601
Loans written off	-	(828 522)	(828 522)
Balances as at 30 June 2016	**-**	**572 266**	**572 266**

All loans and advances are denominated in US$.
Refer to note 3.2 and 29.1 for details on the change in policy from specific to general allowances.
Provisioning according to the Reserve Bank of Zimbabwe loan classification system would give rise to a total provision of $227 524.

6 LOANS TO SHAREHOLDERS

	2016 US$	2015 US$
Brainworks Capital Management (Private) Limited	2 623 191	77 839
The loan has normal commercial terms; is secured, bears interest at 18% per annum and interest and capital are repayable by 31 December 2017. The loan is secured by shares in two ZSE listed counters valued at $5.8 mill based on market values as at 30 June 2016. These shares have been used as collateral to secure the NMB and TLG facilities in note 12.		
Current assets (no more than 12 months after the reporting period)	2 623 191	77 839
Non-current (more than 12 months after the reporting period)	-	-
	2 623 191	**77 839**

Refer note 23 for loan movement.

7 OTHER ASSETS

	2016 US$	2015 US$
Prepayments	189 924	172 509
Tax receivable	214 564	-
Deposits	24 018	20 855
Sundry receivables	24 435	415 296
	452 941	**608 660**

Other assets are all current and their carrying amounts approximate their fair values

8 DEFERRED TAX

Deferred tax Liability		
Accelerated capital allowance for tax purposes	(2 753)	(4 345)
Prepayments	(161 614)	(44 421)
Total deferred tax liability	(164 367)	(48 766)
Deferred tax asset		
Impairment of loans and advances	147 358	115 140
Net deferred tax asset/(liability)	**(17 009)**	**66 374**
Reconciliation of deferred tax asset/ (liability)		
At beginning of year	**66 374**	**42 095**
Temporary differences recognised in the statement of comprehensive income	(83 383)	24 279
At end of year	**(17 009)**	**66 374**

9 INTANGIBLE ASSETS

Software		
Opening net book value	786	114
Additions	16 775	1 275
Amortisation charge	(4 095)	(603)
Closing net book value	13 466	786
Cost	20 434	3 659
Accumulated Depreciation	(6 968)	(2 873)
Net book value	**13 466**	**786**

10 EQUIPMENT

	Furniture and fittings US$	Motor vehicles US$	Office equipment US$	IT equipment US$	Leasehold Improvements US$	Total US$
Year ended 30 June 2015						
Opening net book value	34 884	85 794	7 075	10 898	-	138 651
Additions	9 067	43 300	9 525	17 750	100 309	179 951
Depreciation	(9 319)	(27 071)	(3 269)	(11 991)	(70 469)	(122 119)
Closing net book value	**34 632**	**102 023**	**13 331**	**16 657**	**29 840**	**196 483**
Cost	57 751	139 507	19 502	41 285	100 309	358 354
Accumulated depreciation	(23 119)	(37 484)	(6 171)	(24 628)	(70 469)	(161 871)
Net book value	**34 632**	**102 023**	**13 331**	**16 657**	**29 840**	**196 483**
Year ended 30 June 2016						
Opening net book value	34 632	102 023	13 331	16 657	29 840	196 483
Additions	57 252	15 985	13 035	45 495	72 935	204 702
Depreciation charge	(14 692)	(30 341)	(5 719)	(17 639)	(61 667)	(130 057)
Closing net book value	**77 192**	**87 667**	**20 647**	**44 513**	**41 108**	**271 128**
Cost	115 003	155 492	32 537	86 780	173 244	563 056
Accumulated depreciation	(37 810)	(67 825)	(11 890)	(42 267)	(132 136)	(291 928)
Net book value	**77 193**	**87 667**	**20 647**	**44 513**	**41 108**	**271 128**

11 SHARE CAPITAL

	2016 US$	2015 US$
20 000 000 000 ordinary shares at US$0.0000001	2 000	2 000
Issued 1 093 567 251 ordinary shares of US$0.0000001 (2015:100)	109	100
Basic Earnings	**3 014 256**	**4 562 430**
Diluted Earnings	**3 014 256**	**4 562 430**
Number of shares used to calculate basic and diluted earnings per share	**1 093 567 251**	**1 093 567 251**
Earnings per share (cents)	**0.28**	**0.46**
Diluted Earnings per share (cents)	**0.28**	**0.46**

Number of shares in issue

A share split of authorised share capital was done on 12 October 2015. 2000 ordinary shares were split into 20 000 000 000 (twenty billion shares). This split has been applied retrospectively for purposes of calculating earnings per share. The share split resulted in the issued share capital being 1 000 000 000 shares (one billion shares).

Following an Initial public offering the number of shares in issue increased to 1 093 567 251.

Initial Public Offering

On the 15th of January 2016 the company was successfully listed on the Zimbabwe Stock Exchange following a fully underwritten Initial Public Offer (IPO) that offered to the public 93 567 251 shares for sale. Total shares in issue after the offer were 1 093 567 251. Gross proceeds were $3 199 991 and net proceeds after issuing costs were $2 883 628. The shares with a nominal value of $0.0000001 per share were issued at $0.0342 per share giving rise to the current year share premium. Share issue costs of $313 363 directly attributable to the IPO were deducted from the share premium.

Unissued share capital

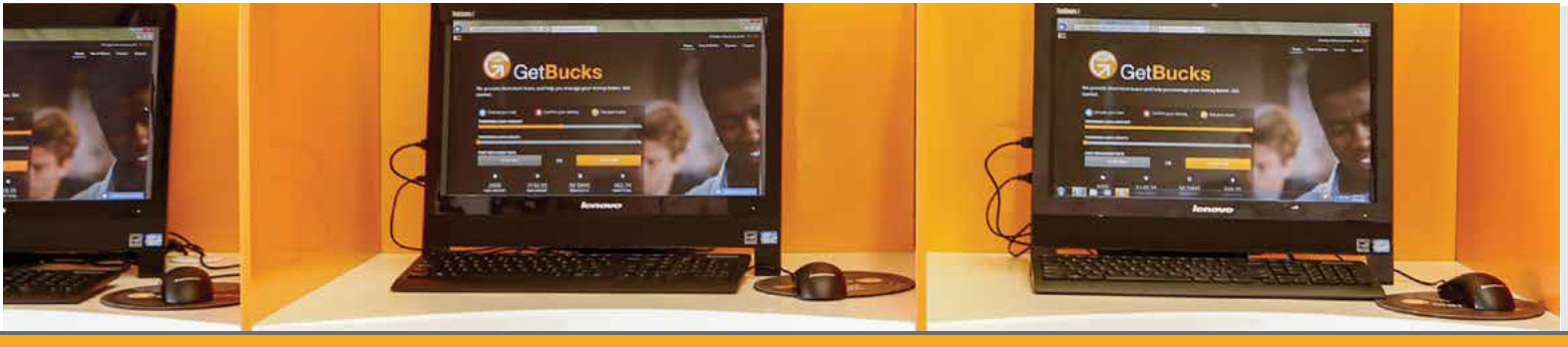
The unissued share capital is under the control of the Directors subject to restrictions imposed by the Zimbabwe Companies Act (Chapter 24:03) and the Articles and Memorandum of Association of the Company.

Share Application Reserve Fund and Share Premium

Share Application Reserve represents additional capital paid in by shareholders (note 2.9). Share Premium arose from premium paid on ordinary shares for the Initial Public Offer . The reserves are fully distributable with no restrictions.

GetBucks Now Offers Banking & Online Credit
www.getbucks.com

Directors: G. Madzima (Chairman), M. Muchando-Murevesi* (Managing Director), G.T. Fourie* (Operations Director), W.T. Kambwanji, G. Manyere, J.H. Jonck, R. Mbire, D.Van Niekerk, M. Manjengwah, P. Saungweme. *Executive.
Registered Office: Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.



GetBucks

Deposit Taking Microfinance Institution

GBZW 1675/05

GETBUCKS FINANCIAL SERVICES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (continued)

12 BORROWINGS

	2016 US$	2015 US$
Held at amortised cost		
Comarton U. G. P. F.	5 215 911	2 064 859
This liability consists of various promissory notes. Interest is charged at 11% per annum and paid monthly. The loan is repayable by June 2017. The company shall not incur obligations exceeding the value of this note on the performing loan book.		
TLG Capital	2 500 000	2 509 301
The loan is secured with a bank guarantee using shares (note 6), bears interest at 11% per annum and is repayable in quarterly payments relating to interest and fees raised. The capital portion of the loan consists of US$2 500 000 and is repayable in February 2020.		
NMB Bank Limited	500 000	2 500 000
The Liability consists of a term loan that accrues interest at 14% per annum paid monthly The loan is secured with a bank guarantee using shares (note 6). The loan is repayable in July 2016 The following covenants apply Portfolio at Risk (PAR) < 10% Non-performing loans (NPL) < 10% Cost to Income ratio < 60% Capital Adequacy ratio > 15%		
	8 215 911	7 074 160
Non-current liabilities		
At amortised cost	2 500 000	2 500 000
Current liabilities		
At amortised cost	5 715 911	4 574 160
	8 215 911	7 074 160

The company was in compliance with all covenants during the financial period.

Fair value of other financial liabilities
Borrowings carrying amount approximates the fair values.

Borrowing movement		
Balance at 1 July	7 074 160	4 423 377
Proceeds/(repayments)	1 103 017	4 422 367
Interest capitalised/(paid)	38 734	(1 771 584)
Closing balance	**8 215 911**	**7 074 160**

13 OTHER FINANCIAL LIABILITIES

Accruals and other liabilities	544 745	805 033
Management Fees	225 000	-
Statutory Fees	463 688	85 229
	1 233 433	**890 262**

Fair value of trade and other payables
Trade and other payables carrying amounts approximates the fair value due to the short term nature of the payables. The carrying amounts of all trade and other payables are denominated in US$

14 DEPOSITS FROM CUSTOMERS

Deposits from customers are primarily composed of amounts payable on demand		
Individual		
Current accounts	19 050	-
Term deposits	-	-
	19 050	
Small and Medium Enterprises		
Current accounts	462 557	-
Term deposits	176 281	-
	638 838	-
Total	**657 888**	**-**
Current (no more than 12 months after reporting period)	580 053	-
Non current (no more than 12 months after reporting period)	77 835	-
Total	**657 888**	**-**

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits approximates carrying amounts.

15 INTEREST INCOME

Interest income	6 851 792	6 868 389

16 INTEREST EXPENSE

Interest expense	925 157	1 036 779

17 FEE AND COMMISSION INCOME

Administration and initiation fees	5 080 128	2 882 991
Commission on insurance	78 783	247 980
	5 158 911	3 130 971

18 OPERATING EXPENSES

Accommodation	39 120	35 825
Advertising, marketing and sales expenses	591 864	233 265
Bank charges	62 457	57 114
Collection costs	501 235	326 270
Consulting and professional fees	68 417	13 531
Depreciation and amortisation	134 152	122 723
Staff costs and directors remuneration	1 333 612	738 556
Funding origination costs	404 182	132 325
Lease rentals on operating lease	132 841	120 368
License fees	18 314	33 699
Management fees	2 218 688	600 000
Repairs and maintenance	31 250	14 577
Postage and courier	11 974	10 248
Printing and stationery	60 110	27 571
Staff welfare and refreshments	22 495	14 533
Telephone and fax	59 436	43 802
Travel	119 137	28 546
Insurance expenses	5 883	4 432
Other expenses	106 072	561
	5 921 239	2 557 946

19 TAXATION EXPENSE

Major components of the tax expense		
Current		
Local income tax - current period	1 112 069	1 619 976
Deferred		
Deferred income tax	83 381	(24 278)
	1 195 450	**1 595 698**
Reconciliation between accounting profit and tax expense:		
Accounting profit before tax	4 209 706	6 158 128
Tax at the applicable tax rate of 25.75% (2015 : 25.75%)	1 083 999	1 585 718
Tax effect of adjustments on taxable income		
Capital allowances	(29 942)	(24 279)
Expenses not deductible	141 392	34 259
	1 195 450	**1 595 698**

20 AUDITORS' REMUNERATION

	2016 US$	2015 US$
Fees	45 000	35 600
Tax and secretarial services	-	15 589
	45 000	**51 189**

21 CASH GENERATED FROM/(USED IN) OPERATIONS

Profit before income tax	4 209 706	6 158 128
Adjustments for:		
Depreciation and amortisation	134 152	363 085
Net impairment	124 501	
Finance costs	925 157	
Other income	(307 533)	
Changes in working capital:		
Loans and advances to customers	(2 338 381)	5 665 614)
Other assets	307 283	(527 381)
Increase in deposits from customers	657 888	-
Other financial liabilities	343 170	2 795 754
	4 118 943	**3 123 972**

22 TAX PAID

Balance at beginning of the year	(92 874)	(68 033)
Current tax for the year recognised in profit or loss	(1 112 067)	(1 619 976)
Balance at end of the year	(214 564)	92 874
	1 419 505	**1 595 135**

23 AMOUNTS DUE (FROM)/TO SHAREHOLDERS LOAN

Opening balance	(77 839)	(310 822)
Payments to shareholders	(2 858 000)	-
Proceeds from shareholders loan	500 000	232 983
Net Interest charge	(187 352)	-
Amount due from shareholders	**(2 623 191)**	**(77 839)**

24 OPERATING LEASES

Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	193 058	123 864

Operating lease payments represent rental payable for a number of branches and office premises occupied by the company. The lease agreements have terms up to a year. No contingent rent is payable

25 OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (chief operating decision maker) which is responsible for allocating resources to the reportable segments and assesses its performance. The consumer loans department is the only operating segment that meets the definition of a reportable segment under IFRS 8. The company has no single customer whose revenue exceeds 10% or more of the company's revenues. All revenue is derived from customers in Zimbabwe. The company does not report by geographical segment as such a split would not be meaningful. In view of this the company does not report on separate business segments.

26 RELATED PARTIES

26.1 Relationships

Holding company	MyBucks SA (Luxembourg)
Intermediate holding company	GetBucks Limited (Mauritius)
Shareholder	Brainworks Capital Management (Private) Limited
Fellow subsidiaries	GetBucks (Proprietary) Limited (Botswana) BU Bucks (Proprietary) Limited CashCorp (Proprietary) Limited TU Loans (Proprietary) Limited GetBucks Limited (Malawi) EMU-INYA Enterprises :Limited Kenya GetSure Botswana (Proprietary) Limited (Botswana) GetBucks Invest GmbH (Austria) GetBucks Spain SL GetBucks Poland SP z.o.o. GetBucks Financial Services Limited (Zambia) Ligagu Investments (Proprietary) Limited (Swaziland)
Entities under common control	GetBucks (Proprietary) Limited (South Africa) VSS Financial Services (Proprietary) Limited (South) Africa GetSure (Proprietary) Limited South Africa

	2016 US$	2015 US$
26.2 Related party balances		
Loan accounts - Owing/(to) by related parties		
Brainworks Capital Management (Private) Limited (note 6)	2 623 191	77 839
26.3 Related party transactions		
Interest paid to/(earned from) related parties		
GetBucks Limited (Mauritius)	-	707
Brainworks Capital Management (Private) Limited	(187 351)	146 449
	(187 351)	147 156
Management fees paid to/(received from) related parties		
GetBucks Limited (Mauritius)	2 218 688	600 000

Management fees are paid monthly. The fees relate to costs incurred for systems used in lending, collections and core banking infrastructure plus ongoing management support from the group that increased to support additional volumes of business and new deposit taking infrastructure and products.

26.4 Key management personnel compensation
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include the Managing Director, Operations Director, Chief Finance Officer, Head of Risk, Head of Retail, Head of Internal Audit and Head of Information Technology.

Short term employment benefits	441 202	139 149
Post employment benefits	5 472	1 492
Termination benefits	-	-
	446 674	140 641

27 EMPLOYEE BENEFITS

Pension Fund
All eligible employees contribute to Getbucks pension fund which is a defined contribution pension fund. The company has no legal or constructive obligation to pay should fund assets be insufficient to meet fund obligations. Contributions to the pension fund are expensed as part of staff costs.

All employees are members of the National Social Security Authority Scheme (NSSA), to which both the Bank and the employees contribute. Contributions by the employer are charged to profit and loss.

	2016 US$	2015 US$
Pension expense	16 383	9 665
NSSA expense	8 732	5 842
	25 115	**15 507**

28 DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors or any individuals holding a prescribed office during the previous year.

Non-executive		
Directors' fees for services as directors	72 456	93 100

29 RISK MANAGEMENT

Financial Risk Management
The company's activities expose it to a number of financial risks. Taking risk is core to a financial services business and the company aims to achieve a balance between risk and return. The risk management policies are designed to identify, analyse these risk and set limits and controls and monitor the risk using up to date information systems. Risk management is carried our by management using board approved policies. The most important types of risks are credit, liquidity and market risk. Market risk includes currency and interest rate risk. Management is responsible for identifying, monitoring and mitigating financial risks faced by the company. The Group Board assists in ensuring compliance with these policies.

29.1 Credit risk
Credit risk from lending and investment activities and products represent the possibility of loss to the Company if a debtor fails to meet financial commitments stemming from a credit agreement. Credit risk and exposure to loss are inherent parts of the Company's business.

The provision of unsecured loans to individuals and business is the main activity of the company, hence exposure to credit risk and its management are key considerations of the business.

The Board Credit Committee periodically reviews and approves the Company's policies and procedures to define, measure and monitor the credit and settlement risks arising from the Company's activities. Limits are established to control these risks. Any facility exceeding established limits of management must be approved by the Board Credit Committee. Management evaluates the credit exposure and assures ongoing credit quality by reviewing individual loans and monitoring of any corrective action taken to address credit risk.

The Company's Credit Department periodically prepares detailed reports on the quality of the customers and adequacy of loan impairment allowance for review. Any loan or portion thereof which is classified as a 'loss' is written off. To maintain an adequate allowance for credit losses, the Company generally provides for a loan or a portion thereof, when a loss is probable.

The objective of our credit risk management is to ensure that credit is granted to credit worthy clients so as to result in recovery of loans following disbursements.

The company has a Board Credit and Loans Review committees chaired by non-executive directors to monitor the risk.

The company mainly provides loans to gainfully employed individuals that work for companies that have concluded an deduction agreement. In terms of the agreement the employer deducts loan installments from customers salaries based on pre-agreed terms. This mitigates the risk of default on consumer loans.

Credit policies, procedures and limits
The Company has sound and well-defined policies, procedures and limits which are reviewed and approved by the Board of Directors and strictly implemented by management. Credit risk limits include delegated approval and write-off limits for management and Board Credit Committee, counterparty limits, individual account limits and concentration. During the year the minmum loan granted was $50 (2015:$50) amd the maximum was $350,000 (2015: $5,000) for up to 18 months (2015:24 months).

To ensure that the company only lends to credit worthy customers, before loans are disbursed checks are conducted to verify identity, employment status and affordability of loan products being applied for. Where possible external credit checks are conducted.

Credit risk mitigation and hedging
As part of the Company's credit risk mitigation and hedging strategy, various types of collateral is taken by the Company. These include mortgage bonds over residential, commercial and industrial properties, cession of book debts and the underlying moveable assets financed.

Collateral held for exposure
An estimate of the fair value of collateral and other credit enhancements held against loans and advances to customers are shown below;

	2016 US$	2015 US$
Neither past due nor impaired	2 988 000	-

Collateral comprises cession of book debts and mortgage bonds on SME loans that amount to $1,198,250.

Customer credit risk is mitigated by the utilisation of payroll collection models. Employment of customers by vetted employers recovers the group loan instalment directly from the customer's salary.

In addition all consumer loans granted to customers are covered by credit life insurance in case of death or permanent disability.

Credit risk stress testing
The Company recognises the possible events or future changes that could have a negative impact on the credit portfolios and affect the Company's ability to generate more business. To mitigate this risk, the Company has put mechanisms in place to enhance its stress testing methodologies.

Impaired loans and securities
Impaired loans and securities are those for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans
These are loans and securities where contractual interest or principal payments are past due but the Company believes that impairment is not appropriate on the basis of the present value of security/collateral available and/or the stage of collection of amounts owed to the Company.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Company has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment
The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Other considerations to provisioning policy
The Company, though not required by Reserve Bank of Zimbabwe ("RBZ"), considers the provisioning requirements as set out in the Banking Regulation 2000 in order to align its policies to group accounting policies, and the provisions of International Accounting Standard (''IAS 39'') – "Financial instruments: recognition and measurement" and makes the most prudent provision for its loans and advances based on the two methods. Where the regulatory provisions are higher than those required by the IAS 39 impairment losses, the excess is treated as an appropriation to a reserve.

Impairment and provisioning policies
In measuring credit risk of loans and advances the Bank reflects three components;
(i) the probability of default by the client or counterparty on its contractual obligations (PD);
(ii) current exposures to the counterparty (EAD); and
(iii) the likely loss in the event of a default (LGD).

Internal estimate of PDs and LGDs are based on model scores and observed historical data.

Under IFRS impairment allowances are recognised where there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition of the assets and where these events had an impact on estimated future cash flows of the financial assets or portfolio of financial assets. To determine if a loss event has occurred, historical economic information similar to the current economic climate, overall customer risk profile, payment record and the realisable value of any collateral are taken into consideration.

Unidentified impairment
Unidentified impairment allowances are raised to cover losses which are judged to be incurred but not yet specifically identified in customer exposures at the balance sheet date, and which have not been specifically reported. The calculation is based on the asset's probability of moving from performing to default within a given emergence period.

The emergence period is defined as the time lapse between the occurrence of trigger event (unidentified event) 'and the impairment being identified at an individual account level (identified impairment) Unidentified impairment = Probability of Default (PD) x Loss Given Default (LGD) x Exposure Emergence period is not applied to SME balances.

Identified impairment
Consumer loan identified impairment is triggered when a contractual payment is missed. The impairment is calculated as Probability of Default (PD) x Loss Given Default (LGD) x Outstanding Amount. Higher PDs are applied to those customers who will have missed more contractual payments.

SME identified impairment is calculated on an individual basis and is the difference between outstanding balance and present value of future cash flows including value of collateral.

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GetBucks

Deposit Taking Microfinance Institution

GETBUCKS FINANCIAL SERVICES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (continued)

29 RISK MANAGEMENT AND CONTROL (continued)

29.1 Credit risk (continued)

Credit Risk Concentration

	Total US$	Past due/ impaired US$	Write offs US$	Impairment allowance US$
As at 30 June 2016				
Retail	553 269	-	-	-
Consumer	13 262 094	1 089 674	828 522	126 080
Services	43 291	-	-	-
Health	24 658	-	-	-
Agriculture	500 682	-	-	-
Other	1 051	-	-	-
	14 385 046	**1 089 674**	**828 522**	**126 080**
As at 30 June 2015				
Consumer	**12 046 666**	**904 936**	**18 680**	**240 362**

Write-off policy
The Company writes off a loan/security balance (and any related allowances for impairment losses) when the Credit Department determines that the loans/ securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write off decisions are generally based on a product specific past due status.

The Company holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets, charges against receivables and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

29.2 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises when assets and liabilities have differing maturities.

The liquidity risk is managed by the Management Assets and Liabilities Committee ("ALCO") of the Company which reviews the Company's liquidity profile by monitoring the difference in maturities between assets and liabilities and analysing the future level of funds required based on various assumptions, including its ability to liquidate investments and participate in money markets.

Assumptions used take into account loan collections, loan maturities, and operational costs. The company's liquidity. As a lending institution the companys liquidity is relient on the ability to collect installments from advances made to customers. In case of shocks, delays or inability to collect installments the company relies on loan facilities from other financial institutions to ensure that it can meet its obligations.

The table below analyses the Company's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Gap analyses are used to determine any periods of liquidity mismatch in order to take any necessary action in advance.

The amounts disclosed in the table are the contractual undiscounted cash flows:

Liquidity profiling 30 June 2016

	0-1 month US$	1-3 months US$	3-6 months US$	6-12 months US$	1-5 years US$	Total US$
Assets						
Cash and cash equivalents	3 370 560	-	-	-	-	3 370 560
Loan book	5 224 091	3 789 342	5 320 530	5 531 400	792 369	20 657 733
Loans to shareholders	-	-	2 859 278	-	-	2 859 278
Other receivables	238 377	-	-	-	-	238 377
	8 833 028	**3 789 342**	**8 179 808**	**5 531 400**	**792 369**	**27 125 948**
Liabilities						
Financial borrowings	837 010	165 360	213 708	5 352 815	3 195 140	9 764 033
Customer deposits	430 459	-	-	98 446	128 983	657 888
Trade payables	1 200 230	-	-	-	-	1 200 230
	2 467 699	**165 360**	**213 708**	**5 451 261**	**3 324 123**	**11 622 151**
Asset and liability gap	**6 365 699**	**3 623 983**	**7 966 100**	**80 139**	**(2 531 754)**	**15 786 005**
Cumulative gap	**6 365 329**	**9 989 312**	**17 955 412**	**18 035 551**	**15 503 797**	**-**
Liquidity profiling 30 June 2015						
Assets						
Cash and cash equivalents	1 528 606	-	-	-	-	1 528 606
Loan book	892 755	2 578 253	2 895 412	2 485 530	2 748 530	11 600 480
Loans to shareholders	-	-	-	77 839	-	77 839
Other receivables	-	608 660	-	-	-	608 660
	2 421 361	**3 186 913**	**2 895 412**	**2 563 369**	**2 748 530**	**13 815 585**
Liabilities						
Financial borrowings	361 198	754 125	-	3 449 536	2 509 301	7 074 160
Trade payables	890 262	-	-	-	-	890 262
Current tax	92 874	-	-	-	-	92 874
	1 344 334	754 125	-	3 449 536	2 509 301	8 057 296
Asset and liability gap	**1 077 027**	**2 432 788**	**2 895 412**	**(886 167)**	**239 229**	**5 758 289**
Cumulative gap	**1 077 027**	**3 509 815**	**6 405 227**	**5 519 060**	**5 758 289**	**-**

29.3 Market risk
The risk of a change in the actual or effective market value or earnings of a portfolio of financial instruments caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of the above.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk
Cashflow interest rate risk is the risk that the futire cash flows of a financial instrument will flactuate because of chnages in market interest rates. Fair value interest rate risk is the risk that the value of financial instrument will flactuate because of changes in market interest rates.

The company's main interest rate risk arises from long-term borrowings which are issued at fixed rates. These expose the group to cash flow interest rate risk which is partially offset by having a short term portfolio as the main asset in the company.

The table below indicates all interest bearing financial borrowings and all interest bearing financial assets (excluding cash and cash equivalents, other receivables and payables) at fixed rates.

	2016 US$	2015 US$
Fixed interest bearing assets	16 435 971	11 678 319
Fixed interest bearing borrowings	8 215 911	7 074 160

This risk is managed by the Company's Asset and Liabilities Committee ("ALCO") through the analysis of rate sensitive assets and liabilities, using such models as Scenario Analysis and control and management of the identified gaps.

Scenario analysis of net interest income
The Company's loan book is affected by interest rate movements on net interest income. The desired interest rate risk profile is achieved through effective management of the statement of financial position composition. When analysing the impact of a shift in the yield curve on the Company's interest income, the Company recognizes that the sensitivity of changes in the interest rate environment varies by asset and liability class. Scenarios are defined by the magnitude of the yield curve shift assumed.

29.3 Market risk (continued)
Analysis of the various scenarios is then conducted to give an appreciation of the distribution of future net interest income and economic value of equity as well as their respective expected values.

29 RISK MANAGEMENT AND CONTROL (continued)

	30 June 2016 US$	Effect on profit before tax 30 June 2016 US$	30 June 2015 US$	Effect on profit before tax 30 June 2015 US$
Interest rate change				
5% increase/ decrease				
Assets	16 435 971	68 518	11 678 319	76 854
Liabilities	8 215 911	9 252	7 074 160	51 839
Net effect		59 266		25 015

Interest rate repricing gap analysis

	Up to 3 months US$	3 months to 1 year US$	Over 1 year US$	Total US$
Assets				
Cash and cash equivalents	3 370 560	-	-	3 370 560
Loans and advances to customers	6 826 933	6 802 042	756 072	14 385 046
Amounts due from shareholders	-	2 623 191	-	2 623 191
	10 197 493	**9 425 233**	**756 072**	**20 378 797**
Liabilities				
Deposits from customers	-	98 446	128 983	227 429
Borrowings	1 365 714	4 350 197	2 500 000	8 215 911
	1 365 714	**4 448 643**	**2 628 983**	**8 443 340**
Interest rate repricing gap	**8 831 779**	**4 976 590**	**(1 872 912)**	**11 935 457**
Cumulative gap	**8 831 779**	**13 808 369**	**11 935 457**	**-**
As at 30 June 2015				
Assets				
Cash and cash equivalents	1 528 606	-	-	1 528 606
Loans and advances to customers	3 277 113	2 882 565	4 477 534	10 637 212
Amounts due from shareholders	77 839	-	-	77 839
	4 883 558	**2 882 565**	**4 477 534**	**12 243 657**
Liabilities and shareholders equity				
Borrowings	-	2 500 000	4 574 160	7 074 160
	-	**2 500 000**	**4 574 160**	**7 074 160**
Interest rate repricing gap	**4 883 558**	**382 565**	**(96 626)**	**5 169 497**
Cumulative gap	**4 883 558**	**5 266 123**	**5 169 497**	**-**

29.4 Foreign currency risk
The Company operates locally and has no foreign customers, therefore has limited foreign currency risk.

Foreign currency risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency.

As at year end, the Company was not exposed to foreign currency risk because all amounts were denominated in the United States of America dollar (the "functional currency").

29.5 Capital risk management
The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:
-to to comply with the capital requirements set by the banking regulators;
-to to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns;
-for shareholders and benefits to customers and other stakeholders and;
-to maintain a strong capital base to support the development of its business.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company's capital resources should therefore be adequate to absorb losses such as operating losses, and capital losses on investments. So long as net losses can be fully offset against capital invested by the Company's owners, the legal claims of clients or other creditors are not compromised, and the Company can continue to function without interrupting its operations.

The Company has complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Company's management of capital during the period.

The Reserve Bank of Zimbabwe ("RBZ") regulates the minimum capital requirements of all microfinance lenders.

The shareholders' equity for the Company at year end of US$10 547 869, was in compliance with the RBZ's minimum capital requirement of US$5 000 000 by 31 December 2020.

Management determines capital requirements by analysing cash flow projections and taking into account growth and defined gearing ratios.

The gearing ratios is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents as shown in the statement of financial position. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

	2016 US$	2015 US$
Total borrowings		
Other financial borrowings	8 215 911	7 074 160
	8 215 911	7 074 160
Less: cash and cash equivalents	3 370 560	1 528 606
Net debt	4 845 351	5 545 554
Total equity	10 535 964	6 021 932
Total capital	15 381 315	11 567 486
Gearing ratio	**32%**	**48%**

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management and the Directors employing techniques based on guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe for supervisory purposes. The Bank's regulatory capital is managed by management and comprises three tiers;

- **Tier 1 Capital:** comprises contributed capital, accumulated profits, capital reserves (comprising share premium and share allocation reserves)
- **Tier 2 Capital:** comprises impairment allowance

Capital Adequancy

	2016 US$
Capital Adequacy	
Share capital	109
Share premium	2 883 628
Share application reserve	999 900
Accumulated profits	6 636 188
	10 419 825
Less: Deductions	
Insider loan to shareholder	2 623 191
Total core capital	**7 796 634**
Supplementary capital	
General provisions	572 266
Core capital plus supplementary	8 368 900
Net Capital Base	8 368 900
Risk Weighted Assets	16 391 396
Tier 1 Ratio	48%
Tier 2 Ratio	51%
Capital Adequacy Ratio	51%

29 RISK MANAGEMENT AND CONTROL (continued)

29.5 Capital risk management (continued)

Credit risk capital
Credit risk capital is subject to guidelines provided by the regulator which are based on Basel 1 principles. On this approach the banking book exposures are categorised into broad classes of assets with different underlying risk characterised. Risk components are transformed into risk weighted assets using predetermined exposure and loss probability factors. Capital requirements for credit risk are derived from the risk weighted assets.

Market Risk Capital
Market risk capital is assessed using regulatory guidelines which consider the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

Operational Risk Capital
This is the risk of losses arising from inadequate or failed internal processes, people and/or systems or from external events. Practices to minimise operational risk are embedded across all transaction cycles. Departmental key risk indicators are used for the purpose of identifying major risks in the operating environment and methods of mitigating the risks. The Bank employs the standardised approach to determine capital required to cover operational risk. Each function carries out a risk and control assessment of their processes on a regular basis. The assessment results are reviewed by the executive committee of the bank. Internal Audit audits selected functions at given times

Total Capital
Total capital for the Bank is assessed to be sufficient to support current business and planned capital projects. Growth in advances will continue to be pursued in such a way as to achieve economic asset yields.

30 OTHER RISKS

Operational risk
Operational risk is the risk of loss arising from the potential that inadequate information system, technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses. The Company manages these risks through insurance policies, checking work, training of staff, segregation of duties, regular internal and independent audits and disaster recovery plans. In addition, the Company has operating manuals to guide staff on the execution of their duties. These manuals are updated regularly.

Reputational risk
This is the potential that negative publicity regarding the Company, whether true or not will cause a decline in the customer base, costly litigation or revenue reductions.

The Board through the Executive Committee ensures effective reputational risk management through inter-alia; codes of conduct, staff training, policies and independent oversight of functions. Reviews of the Company business practices are done periodically by the Internal Audit, the Risk and Compliance Officer.

Compliance risk
Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non- conformance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

The Board, through delegation to the Group Compliance Officer has put in place an adequate compliance program, covering the legal compliance issues associated with the Company operations.

31 FAIR VALUE OF ASSETS AND LIABILITIES

IFRS 13 'Fair value measurement' requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below:

Quoted market prices - level 1
Assets and liabilities are classified as level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets of liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs - level 2
Assets and liabilities classified as level 2 have been valued using models whose inputs are observable in an active market either directly (that is, as prices) or indirectly (that is, derived from prices).

Valuation technique using significant and unobservable inputs - level 3
Assets and liabilities are classified as level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value
The fair value of loans advanced to customers, lines of credit and amounts due to group companies approximate the carrying amount due to the short term nature of the financial assets and liabilities.

Financial Instruments not at Fair Value
Fair Value Heirachy

As at 30 June 2016	Level 1 US$	Level 2 US$	Level 3 US$	30 June 2016 US$
Cash and cash equivalents	-	3 370 560	-	3 370 560
Loans and advances to customers and shareholders	-	-	16 435 971	16 435 971
Other assets	-	-	452 941	452 941
Total	**-**	**3 370 560**	**16 888 911**	**20 259 472**
Other financial liabilities	-	1 233 433	-	1 233 433
Deposits from customers	-	657 888	-	657 888
Borrowings	-	8 215 911	-	8 215 911
Total	**-**	**10 107 232**	**-**	**10 107 232**
As at 30 June 2016				
Cash and cash equivalents	-	-	11 678 319	11 678 319
Loans and advances to customers and shareholders	-	-	608 660	608 660
Other assets	-	-	-	-
Total	**-**	**-**	**12 286 979**	**12 286 979**
Other financial liabilities	-	890 262	-	890 262
Deposits from customers	-	-	-	-
Borrowings	-	7 074 160	-	7 074 160
Total	**-**	**7 964 422**	**-**	**7 964 422**

32 BORROWING POWERS

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

33 CONTINGENT LIABILITIES

There were no contingent liabilities as at as at 30 June 2016 (30 June 2015: US$nil)

34 CAPITAL COMMITMENTS

There were no authorised and contracted or authorised but uncontracted capital expenditure as at 30 June 2016. (30 June 2015: US$nil)

35 EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date requiring adjustments to be effected on the financial statements or disclosure in the financial statements.

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