ZIMBABWE STOCK EXCHANGE

2016

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Caroline Sandura	Chairman
Bartholomew Mswaka	Deputy Chairman
Benson Gasura	Non Executive Director
Markus De Klerk	Non Executive Director
Kholisani Moyo	Non Executive Director
Maureen Rudo Svova	Non Executive Director
Daniel Muchemwa	Non Executive Director
Alban Dhladhla Chirume	Chief Executive Officer
Obert Ngwenya	Finance Director

SECRETARY

Obert Ngwenya

ADMINISTRATION OFFICE

44 Ridgeway North
Highlands
P.O. Box CY 2231, Causeway
Harare

AUDITORS

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way/Kwame Nkrumah Avenue
P.O Box 702
Harare

ATTORNEY

Dube, Manikai & Hwacha
6th Floor , Goldbridge
Eastgate Complex
Sam Nujoma Street / Robert Mugabe Road
P O Box 10400
Harare

Wintertons
Legal Practitioners
Beverley Corner
11 Selous Avenue
P O Box 452
Harare

PRINCIPAL BANKERS

Stanbic Bank Zimbabwe Limited

ABOUT THE ZIMBABWE STOCK EXCHANGE

VISION	To be the premier African stock exchange, with a best of breed trading platform with a relevant suite of securities products.
MISSION STATEMENT	Zimbabwe Stock Exchange exists to mobilise long term capital and to provide an efficient and reliable securities market.
VALUES	Reliability. Delivery on promises. Integrity. Beyond reproach in all dealings. Quality. Diligence, rigour and excellence. Customer Service. Passion for service. Innovation. We adapt to the changing environment to provide creative solutions to our stakeholders.

CHAIRMAN'S STATEMENT

It is my pleasure to present the financial results and Annual Report for the Zimbabwe Stock Exchange for the financial year ended 31 December 2016.

Operating Environment

All sectors of the economy were largely subdued throughout the year ending 31 December 2016. As experienced in the last two years, there were persistent reports of company closures and consequently rising unemployment levels. The Monetary Policy Statement pronouncement by the Reserve Bank of Zimbabwe in February 2016 included two new requirements which were to impact the trading patterns for the remainder of the year. The requirement for Banks to surrender 50% of export proceeds meant that banks's Nostro accounts had reduced capacity to meet import payments and obligations to foreign investors exiting the Zimbabwe Stock Exchange. The announcement on the then proposed introduction of Bond Notes in the same Monetary Policy Statement brought about further currency and settlement uncertainty thereby reducing secondary market trading levels further.

Financial Review

The financial results for the full year 2016 are reflective of the difficult operating environment the market operates in. Total income reduced 20.75% from $1.41 million in 2015 to $1.12 million in 2016 mainly due to subdued level of secondary market trading. In order to preserve shareholder value various cost optimisation strategies have been implemented on an ongoing basis. As a result operating costs declined by 7.99 % from $2.5 million to $2.3 million. Included in operating costs for the year ended 31 December 2016 and the comparative period were impairment of the building and investment in Chengetedzai Depository Company Limited respectively.

The Board took a prudent approach of transferring assets and liabilities to the New Company at the respective fair values. An independent valuation of the land and buildings as at 31 December 2016 resulted in recognition of an impairment charge of $312,478. As a result the total comprehensive loss for the year was $1.20 million compared to a loss of $1.10 million incurred in the comparative period.

Transformation

The scheme of reconstruction has been submitted to the Zimbabwe Revenue Authority for approval, as indicated in the last Annual General Meeting. The Board is positive that the authority requested will be granted. The Board has structured a five year strategic plan to the year ending 31 December 2021 which is anchored on aggressive revenue growth driven by business transformation strategies.

Directorate

The term of the Zimbabwe Stock Exchange Interim Board came to an end at the end of January 2016 when the Minister of Finance and Economic Development appointed the first substantive Board of Zimbabwe Stock Exchange Limited to complete the demutualisation.

CHAIRMAN’S STATEMENT

continued...

Outlook

It is anticipated that the outlook will remain challenging. During this interim period, your Board is implementing strategies to address business and revenue growth on the back of product and technology development as well as cost optimisation strategies. We believe these initiatives will be successful and will deliver a solid business going forward.

Appreciation

I wish to extend my appreciation to the Minister of Finance and Economic Development, Securities and Exchange Commission of Zimbabwe, Board Members, ZSE Management and staff, market participants and other stakeholders for their support throughout the year.

Caroline Sandura

Board Chairman
30 March 2017

CHIEF EXECUTIVE OFFICERS'S REPORT

Introduction

I am pleased to present a report on the operations and activities of the Zimbabwe Stock Exchange for the year ended 31 December 2016 for the information of its members, shareholders and other stakeholders.

Operating environment

The ability of Zimbabwe to attract capital and foreign direct investment continues to be hampered by its debt overhang and therefore it was a welcome development when the country settled its arrears of $107.9 million with the International Monetary Fund. Import restrictions implemented through Statutory Instrument SI64 in July 2016 helped improve capacity utilisation to close to 48% by end of 2016.

Notwithstanding the foregoing, the environment has continued to endure liquidity challenges, company closures have continued unabated and unemployment levels have risen further. In its Monetary Policy statement in February 2016, the Reserve Bank of Zimbabwe announced measures to incentivise generation of foreign currency through an export incentive scheme. The incentive payments are payable in bond notes which are available for circulation alongside other currencies and accepted as legal tender in the country.

Financial Review

Income declined by 21% from $1.41 million in 2015 to $1.12 million in 2016 largely due to depressed trading levels on the equities secondary market. Listing fees also reduced by 8% due to lower market valuation of the ZSE. Reduced cash available for investment and low deposit rate resulted in corresponding interest income reduction of 68%. Major items on the expenditure side included the costs associated with running an automated trading platform in the form of amortisation of licenses, annual maintenance charges and finance costs.

The independent valuation of the ZSE property at 44 Ridgeway North resulted in a impairment charge of $0.31 million. A loss of $1.20 million was incurred in the year under review compared to a loss of $1.10 million incurred in the comparative period.

Market Performance Indicators

Industrial Index in 2016

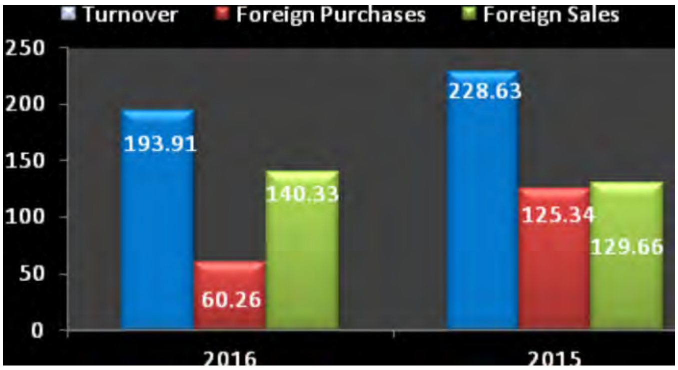
continued...

The ZSE's Industrial Index had a strong performance in last quarter 2016 gaining 46.05% between 1 October 2016 to 31 December 2016.The ZSE believes growth was largely attributable to the introduction of the Bond notes when investors reacted to uncertainty arising in money markets and took refuge in equities.

Mining Index performance in 2016

The ZSE mining index put on an impressive 146.67% gain for the full year to close the year at 58.51 points. This was on the back of gains in Bindura Nickel Corporation and RioZim Limited which gained by 161.44% and 188.46% respectively.

Turnover (USD Millions)



Market turnover was generally subdued in 2016 averaging only $13.47 million between January and September. Turnover surged in the last quarter with an average of $24.22 million per month as the market responded to the introduction of bond notes. Overally, the turnover for the year at $193.91 million was down by 15.18% compared to 2015 turnover.

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Net Foreign Trading (USD Millions)

Foreign investors responded negatively to the inability of banks to remit dividends and proceeds of shares sold on exit. A net-sell position was recorded for each month of the year under review and this trend is expected to continue in the new year.

Issuer Regulation

During the year under review, the ZSE's platform assisted companies to raise approximately $25.67m worth of capital down from US$48m in 2015. Overall, there was an increase in issuers declaring dividends in 2016 by 33% from prior year. ZSE attributes the trend to shareholders' activism and relatively strong performance in the financial services industry. During 2016, ZSE approved the addition of GetBucks Financial Services Limited and Axia Corporation Limited to the ZSE's Official List. It was interesting to note that all new issuers declared dividends during the period under review. Phoenix Consolidated Industries Limited and Radar Holdings Limited voluntarily delisted in the first half of 2016. ZSE delisted Pelhams Limited and Celsys Limited during the year under review for failure to comply with the Listings Requirements. ZSE also briefly suspended CFI Holdings Limited and ZECO Holdings Limited for breaching the ZSE's Listings Requirements, with the suspensions being lifted in May 2016 and March 2017 respectively. ZSE is appreciative of the continued efforts by the issuers to continue to comply with the ZSE's Listings Requirements given the harsh economic environment issuers are operating in.

Business Development

New Business

During 2016, GetBucks Financial Services Limited and Axia Corporation Limited listed on the ZSE on 16 January 2016 and 17 May 2016 respectively.

Policy Developments

Ease of Doing Business: Revision of the Companies Act (Chapter 24:03)

ZSE is involved in the Ease of Doing Business Reforms being administered through the Office of the President and Cabinet. ZSE is a member of one of the five Technical Working Groups, Starting a Business and Protection of Minorities whose key deliverable is the revision of the Companies' Act (Chapter 24:03), likely to be enacted by December 2017.

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Introduction of Bond Notes

In May 2016, the Reserve Bank of Zimbabwe issued a pronouncement to incentivise exporters using bond notes. Whilst the measure was intended to address liquidity challenges, it also impacted the market as investors sought to hedge against currency uncertainties.

Introduction of the Long Form Audit Reports

With the revision of International Standards on Auditing, the traditional audit reports were enhanced to include Key Audit Matters as well as the name of the Audit Partner. The Long Form Audit Reports are applicable to financial periods on or after 31 December 2016. ZSE's listed companies are now disclosing the Key Audit Matters in Press Releases. As this is a new concept, the ZSE continues to work with Securities Exchange Commission of Zimbabwe (SECZ) and Public Accountants and Auditors Board (PAAB) to ensure that the new requirement is understood and adopted by all stakeholders for the benefit of the investing community.

National Financial Inclusion Strategy for Zimbabwe (2016-2020)

Zimbabwe joined the Alliance for Financial Inclusion as a member in 2012 and has crafted a National Financial Inclusion Strategy to broaden access to, and use of, financial services by its citizens. The project is being spearheaded by the Reserve Bank of Zimbabwe (RBZ). Eight clusters have been formed with the ZSE participating in the Capital Markets and Youth Financial Inclusion clusters.

Progress on Key Projects

Demutualisation

The outstanding issues relate to the approval and registration of the Zimbabwe Stock Exchange Limited as a Limited Liability Company, with Zimbabwe Revenue Authority (ZIMRA) on the scheme of reconstruction for transfer of assets and liabilities from Zimbabwe Stock exchange to Zimbabwe Stock Exchange Limited. It is expected that these processes will be completed towards the end of the first half of 2017.

Debt Market

Debt Market rules were approved by Securities and Exchange Commission of Zimbabwe during the year and are expected to be gazetted in the first half of 2017. This critical step will enable the Zimbabwe Stock Exchange to list fixed income securities and increase the range of products tradeable on the trading platform.

Revision of the Main Board's Listings Requirements

The ZSE awaits gazetting of the Rules in accordance with the Securities and Exchange Act [Cap24.25]. It is expected that the Main Board Listings Requirements will be gazetted before the end of the second quarter of 2017.

Website

As part of the transformational strategies, the ZSE data portal was de-commissioned at the end of August 2016. A temporary web site is in place to meet basic information needs of stakeholders whilst a more affordable data portal is being developed.

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Data Vending

The ZSE engaged the capital markets' stakeholders on the data vending products and the Market Data Policy. In particular, Data vending products will be introduced in 2017 on a phased approach. View Only Terminals will be rolled out in Q1 2017 whilst we pursue more substantial data vending contracts with the major vendors.

Market outlook

The outlook remains mixed due to the following;

- Delays in foreign payments cause uncertainty amongst foreign investors. This has an immediate impact on the market turnover.
- The Government's domestic debt will likely increase ahead of the 2018 elections and the market will likely see higher yielding treasury bills issued and this will weaken the competitiveness of the equities market.
- Trading is traditionally slack in the run up period to elections and it is expected this will be the case as Zimbabwe heads towards the 2018 elections.
- The launch of the Debt Market and Zimbabwe Emerging Enterprise Markert (ZEEM) will provide a new avenue for corporates to raise funding on the ZSE. The ZSE has noted that there is firm interest from the local institutional investors, corporates and the Government, which are all key components for the success of the two markets.

The launch of the ZSE's Data Products is expected to further enhance the visibility and proximity of ZSE to investors as it is the next step to further automate the capital markets environment. It is expected that the new products will immediately benefit subscribers in their understanding of the market and increase activity once liquidity improves.

The ZSE will respond to the perceived challenges by working to adjust to the shifting markets. Focus will be on the local market taking into account the shifts observed in the markets and the need to upgrade technological capabilities to make the market more accessible.

Appreciation

Management is grateful to the Chairman, the Board and the regulator for the unwavering support and guidance received. Special thanks go to the Zimbabwe Stock Exchange employees for their dedication and commitment displayed throughout the year.

Martin Matanda
Acting Chief Executive Officer

30 March 2017

ZSE Sub-committees

Committee	Members	Summary Roles & Responsibilities
Executive	Mr A. D. Chirume (Chairman) Mr M Matanda Mr O. Ngwenya Ms L. F. Mushanguri	The Executive Committee is chaired by the Chief Executive Officer and consists of the heads of departments. The management for the Information Communication Technology, Compliance, Business Development and Trading attend the meetings by invitation. The Executive Committee meets on a weekly basis and its main duty is to assist the Chief Executive Officer in discharging his responsibility by ensuring that the organisation's strategic objectives and annual business plans as approved by the Board are being implemented, controlled and monitored.
Listings	Mr. B. Mswaka (Chairman) Mrs. M.R. Svova Mr. K. Moyo Mr. R. Ndamba Dr. G. Muponda Mr. V. Blerk Mr. K. Msemburi (Non voting) Ms G. Berejena (Non voting)	The Listings Committee is chaired by an Independent Non Executive Director and comprises Non-Executive Directors and external technical experts with experience in financial advisory services. The Chief Executive Officer, Executive in charge of Issuer Regulation and representatives of the Securities and Exchange Commission of Zimbabwe attend the meetings by invitation. The Listings Committee meets monthly and on an ad-hoc basis as necessary to make determinations pursuant to the ZSE Listing Requirements.

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Committee	Members	Summary Roles & Responsibilities
Audit & Risk	Mr. D. Muchemwa (Chairman) Mr. B. Gasura Mrs. M.R. Svova Mr. M. de Klerk	The Audit and Risk Committee is chaired by an Independent Non-Executive Director, comprises of Non-Executive Directors and meets at least quarterly. The Committee's brief includes reviewing the annual financial statements, financial control, effectiveness of the systems of governance, risk management and adequacy and efficiency of internal controls. The Committee formulates the organisation's investment strategy and policy and reviews the investment opportunities available to the company as well as financing and capital structure of the company. The Committee reviews the principles, policies and practices adopted in the preparation of the financial statements of the ZSE and assesses whether the annual financial statements of the ZSE and any formal announcement relating to the organization comply with statutory requirements. In addition the Committee oversees the external audit process and is responsible for recommending for appointment of the external auditors as well as the remuneration of the external audit engagement. The external auditors are invited to attend the Committee's meetings.
HR & Nominations	Mrs. C. Sandura (Chairman) Mr. B. Mswaka Mr. K. Moyo	The HR and nomination committee determine the remuneration packages for the Executive Directors and other executive management. It also considers the composition of the Board and its committees, and makes appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors. The Committee's brief includes reviewing of human capital policies, performance measurement, reviewing and approval of staff remuneration and conditions of service.

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Committee	Members	Summary Roles & Responsibilities
Business Development & ICT	Mr. K. Moyo (Chairman) Mr. B. Gasura Mr. M. de Klerk	The Committee's broad role is to assess and oversee the organisation's capacity to operate an efficient ICT infrastructure that supports business objectives and operate an efficient Business Development Unit that is assessing new business opportunities to develop income streams outside the traditional markets. The Committee also provide oversight of ZSE's business development activities, annually review ZSE's business development performance to ensure that business development activities are aligned to the ZSE's mission and vision, well aligned with strategic priorities and meet key performance metrics established for the business.
Demutualisation	Mr. B. Gasura (Chairman) Mrs. C. Sandura Mr. M. de Klerk	The Committee assists the Board to discharge its responsibilities, in the following areas: • Ensuring that the appropriate procedures exist to ensure smooth Demutualisation process • To recommend a practical time line for the completion of the demutualisation of the ZSE • The Committee shall ensure that all Demutualisation project decisions are recorded and communicated to all stakeholders.

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Attendance of Meetings During the Financial Year 2016

Director	Main Board 4 meetings	Listings 7 meetings	Audit & Risk 5 meetings	HR & No-mination 5 meetings	Business Developm-ent & ICT 1 meeting	Demutu-alisation 1 meeting
C. Sandura	4	n/a	n/a	5	n/a	1
B. Mswaka	4	7	n/a	5	n/a	n/a
B. Gasura	3	n/a	4	n/a	1	1
M. de Klerk	4	n/a	4	n/a	1	1
K. Moyo	4	4	n/a	3	1	n/a
M. R. Svova	2	5	2	n/a	n/a	n/a
D. Muchemwa	4	1	5	n/a	n/a	n/a
A.D. Chirume*	4	7	5	5	1	1
O. Ngwenya*	4	n/a	5	5	1	1

*Attendance by invitation.

RISK MANAGEMENT REPORT

As part of its risk management procedures, the Zimbabwe Stock Exchange has developed risk management and internal control systems whose outputs are risk mitigation activities and risk communication strategies. Risk management is carried out by the Finance Department under policies approved by the Board of Directors.

Risks influencing the environment in which the Exchange operates are described below:

Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems.

Operational risks are those risks of non-speculative nature with no potential of showing a profit. The objective of operational risk management is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business.

The Board accepts overall responsibility of day to day management of operational risk delegated to management of the ZSE.

Risk management controls are in place to lower the probability of operational risk occurring and the impact thereof.

Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Exchange. The Exchange's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by counterparty limits that are reviewed and approved regularly by the Audit and Risk Committee.

Financial assets, which potentially subject the Exchange to concentrations of credit risk, consist principally of cash and short-term investments. There is no significant concentration of credit risk with respect to cash and cash equivalents as the Exchange holds cash accounts with large financial institutions with sound financial and capital cover.

Liquidity Risk

Liquidity risk is defined as the risk that the Exchange will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Exchange might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. The Exchange has developed internal processes and contingency plans for managing liquidity risk. The Exchange also maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Exchange's liquidity risk profile is disclosed in this annual report.

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Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash inflows of financial instruments will fluctuate because of changes in market interest rates. The Exchange invests in money market instruments which are subject to changes in interest rates. Interest on floating instruments is repriced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity. The Exchange's policy is to adopt a non-speculative approach to managing interest rate risk and to only invest in instruments that are approved by the Audit and Risk Committee of the Board of Directors. The Exchange's interest rate sensitivity is disclosed in this annual report.

Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to significant foreign exchange risk as most transactions and balances are in the functional currency, the United States Dollar.

Capital Risk

The Exchange monitors its capital on the basis of the capital adequacy as stipulated in Statutory Instrument 100 of Securities (Registration, Licensing and Corporate Governance) Rules, 2010 with the objective of ensuring that the ZSE continues as a going concern in order to provide returns to proprietary holders and benefits to other stakeholders.

Fair Value Risk

The Board of Directors are of the opinion that the carrying value of financial instruments carried at cost or amortised cost approximates fair value due to the short term nature of these investments. The fair value hierarchy of all financial instruments is disclosed in this annual report.

Legal Risk

This is the risk that a transaction or contract cannot be consummated due to a legal barrier such as regulatory prohibition on a specific counterparty and the non-enforceability of contracts and inadequate documentation. The Chief Executive Officer is responsible for addressing this risk and in conjunction with external legal counsel attends to managing this risk.

Price Risk

Price risk refers to a probable decline in the value of a security or a portfolio. The ZSE is currently exposed to equity price risk and this is managed through determination of an exit strategy.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of the Zimbabwe Stock Exchange ("ZSE") is responsible for preparation and fair presentation of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the orgaization as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Securities and Exchange Act (Chapter 24:25).

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The Board has ultimate responsibility for the system of internal controls and reviews its operation. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

The Directors have made an assessment of the ability of the organization to continue as a going concern and have no reason to believe that the business will not be a going concern in the future. Accordingly the financial statements have been prepared on the going concern basis.

The financial statements have been audited by the Exchange's external auditors, Ernst & Young, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of Board of Directors and Committees of the Board. The financial statements were prepared under the supervision of the Finance Director, Obert Ngwenya. The Directors confirm that all representations made to the independent auditors, during the audit were valid and appropriate.

The accompanying annual financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 30 March 2017 and signed on its behalf by:

C. Sandura
Chairman

30 March 2017

M. Matanda
Acting Chief Executive Officer

30 March 2017

INDEPENDENT AUDITOR'S REPORT

To the members of the Zimbabwe Stock Exchange

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Chartered Accountants (Zimbabwe)
Registered Public Auditors
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Zimbabwe

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE ZIMBABWE STOCK EXCHANGE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Zimbabwe Stock Exchange set out on pages 23 to 50 which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Exchange as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Exchange in accordance with the International Ethics Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Exchange financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the matter</th></tr>
<tr><th colspan="2">Issue 1-Impairment assessment of Non-financial assets</th></tr>
<tr><td>The Exchange is well advanced in the demutualisation process, the conclusion of which will require assets and liabilities to be transferred to a limited liability company at their fair values. Accordingly and in accordance with approved accounting policies, the Exchange has had to assess its assets, especially non-financial assets, for impairment with a view of aligning the carrying amounts to fair values such that at effective date of transfer there is minimal variances.

Non-current assets are the most significant items whose carrying amounts may differ materially to fair values and thus require detailed assessment for impairment as was done for land & buildings. Land and buildings which is accounted for at cost less accumulated depreciation and impairment losses had a carrying amount of $600 000 at 31 December 2016 (2015: $917 245) representing 22% of total assets. At the end of the reporting period an impairment assessment was carried out by comparing the carrying amount of the land and buildings with its recoverable amount. The recoverable amount was determined using the fair value less costs to disposal model. Management and directors engaged an external valuation expert to guide them in the determination of the fair value.

An impairment loss was recorded in the profit or loss as the carrying amount was lower than the recoverable amount derived.

This was determined to be a key audit matter due to the significance of the account balance and the fact that determination of fair values is of a subjective nature arising from the use of judgments, estimates and assumptions. These judgments have a higher estimation uncertainty as a result of the absence of an active property market due to the current liquidity and other economic constraints in Zimbabwe.

As disclosed in note 4 to the financial statements, the comparison method was used to determine the fair value. This approach largely depends on observable prices of compared properties in the respective geographies.</td><td>Our audit procedures, in which we involved our internal valuation specialists , included:
• Evaluation of whether the fair value models used to develop the estimates were appropriate and consistent with industry practice.
• Reviewing reasonableness of the assumptions used by management using guidance from the measurement principles in International Financial Reporting Standards (IFRS).
• Performing recalculations of data on which estimates were based and inspecting source documents in order to verify accuracy and completeness.
• Comparison of the values derived by making reference to other comparable properties within the market and economic information, as well as testing the underlying calculations.
• Detailed interviews/discussions with management and the external valuers to obtain insights on the valuation inputs/ assumptions and appreciate the basis for conclusions.
• Reviewing events occurring after reporting date for significant matters affecting the accounting estimate.
• Confirming that the results of the impairment process were accounted for in accordance with the Exchange's accounting policies that are aligned to IFRS.</td></tr>
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INDEPENDENT AUDITOR'S REPORT

To the members of the Zimbabwe Stock Exchange

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Other information

Other information consists of the Chairman's Statement, the Chief Executive Officer's Report and the Statement of Directors' responsibility included in the financial statements, other than the Exchange's financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the Exchange financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Exchange's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors of The Zimbabwe Stock Exchange are responsible for the preparation and fair presentation of the Exchange financial statements in accordance with IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Exchange's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Exchange or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Exchange financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Exchange financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Exchange financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Exchange's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Exchange to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared in compliance with the financial provisions of the Securities and Exchange Act (Chapter 24:25).

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practising Certificate Number 132).

Ernst & Young

ERNST AND YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

31 MARCH 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 US$	2015 US$
Turnover			
Membership trading levies		387 721	511 636
Annual company listing fees		630 737	685 552
Corporate action fees		11 050	52 041
Annual membership fees		34 125	36 000
Annual non-membership fees		16 394	20 559
		1 080 027	**1 305 788**
Interest income		33 621	106 666
Fair value loss on financial assets through profit or loss	6.1	(643)	(9 973)
Other income		2 139	4 597
Total income		**1 115 144**	**1 407 078**
Expenditure			
Staff costs	11.1	(876 737)	(1 019 531)
Administration expenses	11.2	(590 168)	(806 588)
Depreciation	4	(190 274)	(133 844)
Amortisation	5	(218 097)	(109 048)
Impairment of investment in unquoted equities	13	-	(380 679)
Impairment of buildings	4	(312 478)	-
Finance costs		(120 000)	(58 466)
Total expenditure		**(2 307 754)**	**(2 508 156)**
Deficit for the year		**(1 192 610)**	**(1 101 078)**
OTHER COMPREHENSIVE INCOME		-	-
Total comprehensive loss for the year		**(1 192 610)**	**(1 101 078)**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 US$	2015 US$
Assets			
Non-current assets			
Property and equipment	4	1 220 928	1 699 968
Intangible asset	5	763 339	981 436
Investment in unquoted equities (available for sale)	13	262 991	262 991
		2 247 258	2 944 395
Current Assets			
Financial assets at fair value through profit or loss	6.1	3 279	18 024
Trade and other receivables	7	110 857	78 732
Cash and cash equivalents	8	417 345	869 925
		531 481	966 681
Total assets		2 778 739	3 911 076
Equity and liabilities			
Capital and Reserves			
Proprietary rights	9	71 739	71 739
Non-distributable reserves		77 981	77 981
Accumulated fund		860 892	2 053 502
		1 010 612	2 203 222
Non-current liabilities			
Long term borrowings	6.2	1 500 000	1 500 000
Current liabilities			
Trade and other payables	10	250 982	190 709
Short term borrowings	6.2	17 145	17 145
		268 127	207 854
Total Equity and liabilities		2 778 739	3 911 076

These financial statements were approved on 30 March 2017 and signed on behalf of directors by:

Mrs. C. Sandura
Chairman

30 March 2017

Mr. M. Matanda
Acting Chief Executive Officer

30 March 2017

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Proprietary rights US$	Non-Distributable reserve US$	Accumulated Fund US$	Total US$
Balance at 1 January 2015	71 739	77 981	3 154 580	3 304 300
Deficit for the year	-	-	(1 101 078)	(1 101 078)
Balance at 31 December 2015	**71 739**	**77 981**	**2 053 502**	**2 203 222**
Deficit for the year	-	-	(1 192 610)	(1 192 610)
Balance at 31 December 2016	**71 739**	**77 981**	**860 892**	**1 010 612**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 US$	2015 US$
Cash flows from operating activities			
Deficit for the year		(1 192 610)	(1 101 078)
Adjusted for:			
Loss on disposal of equipment		278	1 829
Fair value loss on financial assets through profit or loss		643	9 973
Interest income received		(33 621)	(106 666)
Allowance for credit losses		6 210	38 102
Recovery of credit losses provided in prior period		(14 634)	-
Bad debts written off		15 884	-
Bad debts recovered		(6 000)	-
Impairment of buildings	4	312 478	-
Impairment of investment in unquoted equities	13	-	380 679
Depreciation	4	190 274	133 844
Amortisation of intangible assets	5	218 097	109 048
Operating loss before working capital changes		**(503 001)**	**(534 269)**
(Increase)/decrease in trade and other receivables		(33 585)	358 623
Increase in trade and other payables		60 275	67 030
Net cash outflow from operating activities		**(476 311)**	**(108 616)**
Cash flows from investing activities			
Proceeds from disposal of financial instruments	6	14 102	-
Acquisition of financial instruments		-	(25 000)
Acquisition of property and equipment	4	(23 992)	(682 551)
Acquisition of intangible asset	5	-	(1 079 497)
Interest received		33 621	106 666
Net cash inflow/(outflow) from investing activities		**23 731**	**(1 680 382)**
Cash flows from financing activities			
Proceeds from borrowings		-	903 243
Net cash inflow from financing activities		**-**	**903 243**
Net decrease in cash and cash equivalents		(452 580)	(885 755)
Cash and cash equivalents at beginning of the year		869 925	1 755 680
Cash and cash equivalents at end of the year		**417 345**	**869 925**

1 CORPORATE INFORMATION

The financial statements of the Zimbabwe Stock Exchange (the Exchange) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 30 March 2017.

The Zimbabwe Stock Exchange operates as a stock exchange, is administered under the Securities and Exchange Act (Chapter 24:25) and is domiciled in Zimbabwe. In pursuance of the demutualisation process, a new company, the Zimbabwe Stock Exchange Limited was registered under the Companies Act (Chapter 24:03) on 31 December 2014. The functions and operations of the new company will remain the same as that of a stock exchange regulated under the Securities and Exchange Act (Chapter 24:25). The Companies Act (Chapter 24:03) will provide the governance framework, capital structure and financial reporting requirements and obligations.

The financial statements are presented in United States dollars (US$) which is the Exchange's functional and presentation currency.

1.1 Statement of compliance

The Exchange's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, promulgated by the International Accounting Standards Board (IASB).

1.1.1 (a) Basis of preparation

The financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss that have been measured at fair value. All values are rounded to the nearest dollar except where otherwise indicated.

1.1.1 (b) Statement of changes in accounting policies and disclosures

The accounting policies are consistent with those of the previous financial year. Amendments and improvements to existing standards that became effective in the current financial year did not have a material effect on the Exchange's financial statements.

1.1.1 (c) New standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Exchange's financial statements are disclosed below. The Exchange intends to adopt these standards, if applicable, when they become effective.

The adoption of the standards or interpretations is described below:

IAS1 Disclosure Initiative – Amendments to IAS 1

The amendments to IAS 1: “Presentation of Financial Statements” clarify, rather than significantly change, existing IAS 1 requirements.

continued...

1.1.1 (c) New standards issued but not yet effective (continued)

IAS 1 Disclosure Initiative – Amendments to IAS 1 (continued)

The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position maybe disaggregated.
- The entities have flexibility as to the order in which they present notes to financial statements.
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

IFRS 9: Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9: "Financial Instruments" which reflects all phases of the financial instruments project and replaces IAS 39: "Financial Instruments - Recognition and Measurement" and all previous versions of IFRS9. The standards introduce new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The standard is effective for annual periods beginning on or after 1 January 2018, but early adoption is permitted under IFRS. The Exchange will assess the impact of the standard during the course of 2017.

IFRS 15: Revenue from contracts with customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18: "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance. obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The standard is effective for annual periods beginning on or after 1 January 2018, but early adoption is permitted under IFRS. The Exchange will assess the impact of the standard during the course of 2017.

continued...

1.1.2 Going concern

The Exchange's forecasts and projections, taking account of reasonably possible changes in trading performances, show that the Exchange should be able to operate within the level of its current financing.

The directors have a reasonable expectation that the Exchange has adequate resources to continue in operational existence for the foreseeable future. However, the directors believe that under the current economic environment a continuous assessment of the ability of the Exchange to continue to operate as a going concern will need to be performed. The Exchange therefore continues to adopt the going concern basis in preparing its financial statements.

1.2 Summary of significant accounting policies

1.2.1 Property and Equipment

All items of property and equipment are shown at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Exchange and the cost can be measured reliably. Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and impairment losses.

No depreciation is provided on land or capital work-in-progress. Depreciation commences when the asset is available for use.

Depreciation on Buildings and Automated Trading System (ATS) Hardware (Computer Equipment) is calculated using the straight line basis over the estimated useful lives.

Other assets are depreciated using the reducing balance method to allocate the cost over the assets' estimated useful lives.

The estimated useful lives are as follows:

Buildings	50 years
Furniture and fittings, machinery and equipment	10 years
Computer Equipment	3 to 5 years
Motor Vehicles	4 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in full.

continued...

1.2 Summary of significant accounting policies (continued)

1.2.1 Property and Equipment (continued)

An item of Property and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

1.2.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment wherever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Software Licenses

The Exchange made upfront payments to purchase software license. License for the use of ATS was granted for five years. License fees are amortised on a straight-line basis over the period of the licence (5 years). Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

1.2.3 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.2.3.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, ie. the date that the Exchange commits to purchase or sell the asset.

continued...

1.2 Summary of significant accounting policies (continued)

1.2.3.1 Financial assets (continued)

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available for sale financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs(negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment are recognised in profit or loss.

Available for Sale (AFS) financial assets

AFS financial assets are comprised of investments in unquoted equities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Exchange evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Exchange is unable to trade these financial assets due to inactive markets, the Exchange may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

continued...

1.2 Summary of significant accounting policies (continued)

1.2.3.1 Financial assets (continued)

Available for Sale (AFS) financial assets (continued)

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short term deposits with an original maturity of three months or less and are measured at amortised cost.

For the purpose of the statement of cashflows, cash and cash equivalents consist of cash on hand, deposits in banks, bank overdrafts, and short term highly liquid investments readily convertible to cash.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty, or
- Default or delinquency in interest or principal payments, or
- If it is becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- The disappearance of an active market for that financial asset because of financial difficulties; or

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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 financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

continued...

1.2 Summary of significant accounting policies (continued)

1.2.3 Financial assets (continued)

Impairment of Available for Sale (AFS) financial assets

For available for sale assets the Exchange assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Management exercises judgment in deciding the quantitative thresholds of what constitute a significant and prolonged decline in fair value below cost and accordingly, a decline below fair value of less than 20% for less than 12 months is not considered significant. No impairment loss has been recognized in the current year (2015: $380,679).

Derecognition of financial assets

The Exchange derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Exchange neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Exchange recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Exchange retains substantially all the risks and rewards of ownership of a transferred financial asset, the Exchange continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.2.3.2 Financial Liabilities

Classification of financial liabilities

The Exchange's financial liabilities include trade and other accounts payables, bank overdrafts and interest bearing loans (which are all classified as loans and borrowings). These are initially measured at fair value including transaction costs and subsequently amortised cost. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

The Exchange's financial liabilities comprise trade and other payables, loans and borrowings. Trade and other payables, loans and borrowings are subsequently measured as noted below:

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired or rendered in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), if not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measure at amortised cost using the effective interest method.

continued...

1.2 Summary of significant accounting policies (continued)

1.2.3.2 Financial Liabilities

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the proceeds received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Derecognition of financial liabilities

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

1.2.3.3 Offsetting of financial instruments

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

1.2.3.4 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.

1.2.4 Provisions

Provisions are recognised when the Exchange has a present legal or constructive obligation as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The expense relating to any provision is recognised in profit or loss net of any certain reimbursements. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a finance cost.

continued...

1.2 Summary of significant accounting policies (continued)

1.2.5 Proprietary rights

Proprietary rights are classified as equity (refer Note 9).

1.2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Exchange and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts and Value Added Tax. The Exchange assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Exchange has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Where the outcome cannot be measured reliably, revenue is recognised to the extent that expenses incurred are eligible to be recovered.

Interest income

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

1.2.7 Leases

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

The Exchange as a lessee

Operating lease payments are recognised as an operating expense in the profit or loss on a straight line basis over the lease term.

1.2.8 Taxation

The Exchange was granted exemption from Income Tax through General Notice 394 of 2001, published in the Government Gazette of 10 August 2001. As a result of the above, income tax and deferred tax income tax are not provided for.

continued...

1.2 Summary of significant accounting policies (continued)

1.2.8 Taxation (continued)

Value added tax (VAT)
Revenues, expenses and assets are recognised net of the amount of Value Added Tax except:

When the Value Added Tax incurred on a purchase of assets or services is not recoverable from the tax authorities, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and

When receivables and payables are stated with the amount of Value Added Tax included the net amount of VAT recoverable from or payable to the tax authority is included as part of receivables or payables in the statement of financial position.

1.2.9 Employee benefits

Pension obligations
The Exchange operates a defined contribution pension plan and it also participates in the National Social Security Authority ("NSSA") statutory defined benefit pension plan. A defined contribution plan is a pension plan under which the Exchange pays fixed contributions into a separate entity. The Exchange has no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Exchange's contributions to the pension plan are charged to the profit or loss in the period to which the contributions relate.

Other short-term benefits
Other short-term benefits provided include staff membership of various medical aid societies.

1.2.10 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of the Exchange 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 Exchange's functional and presentation currency.

(b) Transactions and balances
Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

continued...

1.2 Summary of significant accounting policies (continued)

1.2.11 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Exchange incurs in connection with the borrowing of funds.

2 KEY ESTIMATES, UNCERTAINTIES AND JUDGEMENTS

The following are the critical estimates that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Useful lives and residual values of property and equipment

The Exchange assesses useful lives and residual values of property and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 1.2.1 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and where there are any changes adjustments for depreciation will be done in future periods. The carrying amount of the Exchange's Property and Equipment is $1,220,928(December 2015 $1,699,968).

Provision for impairment of receivables

Provision for impairment of receivables is a specific provision made for trade and other receivables which is reviewed on a half yearly basis. In determining the recoverability of a trade receivable the Exchange assesses whether there has been a significant evidence of financial difficulty or increase in credit risk from the date the credit was granted up to the end of the reporting period. The carrying amount of the Exchange's provision as at 31 December 2016 was $6,210 (31 December 2015: $55,810).

Fair Value and Impairment of Unquoted Equities classified as available for sale

The Exchange uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable units.

The Exchange assesses if there has been a significant or prolonged decline in the fair value of the investment below its cost or there is information about significant changes in the operating environment with adverse effects in which the issuer operates in which may indicate that the carrying amount in the investment may not be recovered.

Impairment of Buildings

The Exchange performed an impairment assessment on Buildings at year end to ensure that the carrying amount of the Buildings does not differ materially from its fair value. An independent valuation was carried out as at 31 December 2016 by an accredited independent valuer to arrive at estimated fair values. The carrying amount of the Exchange's Buildings as at 31 December 2016 was $390,000 (31 December 2015: $707,245). An allowance for impairment loss of $312 478 was provided for in the SOCI (2015: Nil).

continued...

3. FINANCIAL MANAGEMENT

3.1 Financial risks management

Financial risks relates to financial instruments to which the Exchange is exposed during or at the end of the year. Financial risks comprise market risk (including the effects of changes in foreign currency exchange rates, equity prices and interest rates), credit risk and liquidity risk. The Exchange's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Exchange's financial performance.

Risk management is carried out by the Finance Department under policies approved by the Board of Directors. Management identifies and evaluates financial risks.

Financial risks management

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprises three types of risk (i) foreign currencies, (ii) equity positions and (iii) interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

Foreign exchange risk

The Exchange's exposure to foreign exchange risk is currently low as most transactions and balances are in the functional currency, the US$.

Price risk

Price risk is the risk of a decline in the value of a security or a portfolio.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Exchange manages the risk by maintaining an appropriate mix of fixed and variable instruments.

Interest on floating instruments is repriced at intervals of less than 1 year.

Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity.

The Exchange's interest rate risk arises from investments in short-term placements and long-term debt obligations with floating interest rates.

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3.1 Financial risks management (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents, financial instruments and deposits with bank institutions, as well as credit exposures to customers, including outstanding receivables.

There is no significant concentration of credit risk with respect to cash and cash equivalents as the Exchange holds cash accounts with large financial institutions with sound financial and capital cover.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

A maturity analysis of financial instruments as at 31 December 2016 is as follows:

As at 31 December 2016	Up to 3 months US$	3 Months to 1 year US$	1 year to 5 years US$	Total US$
Assets				
Cash and cash equivalents	417 345	-	-	417 345
Trade and other receivables	69 190	41 667	-	110 857
Financial assets at fair value through profit or loss	3 279	-	-	3 279
Total Assets	**489 814**	**41 667**	**-**	**531 481**
Liabilities				
Interest bearing loans and borrowings	-	17 145	1 500 000	1 517 145
Trade and other payables	250 982	-	-	250 982
Total Liabilities	**250 982**	**17 145**	**1 500 000**	**1 768 127**
Liquidity surplus / (gap)	238 832	24 522	(1 500 000)	(1 236 646)
Cumulative liquidity surplus/(gap)	238 832	263 354	(1 236 646)	(1 236 646)

continued...

3.1 Financial risks management (continued)

A maturity analysis of financial instruments as at 31 December 2015 is as follows:

As at 31 December 2015	Up to 3 months US$	3 Months to 1 year US$	1 year to 5 years US$	Total US$
Assets				
Cash and cash equivalents	869 925	-	-	869 925
Trade and other receivables	78 732	-	-	78 732
Financial assets at fair value through profit or loss	18 024	-	-	18 024
Total Assets	**966 681**	**-**	**-**	**966 681**
Liabilities				
Interest bearing loans and borrowings	-	17 145	1 500 000	1 517 145
Trade and other payables	190 712	-	-	190 712
Total Liabilities	**190 712**	**17 145**	**1 500 000**	**1 707 857**
Liquidity surplus / (gap)	775 969	(17 145)	(1 500 000)	(741 176)
Cumulative liquidity surplus / (gap)	775 969	758 824	(741 176)	(741 176)

(d) Capital risk management

The Exchange's objectives when managing capital are to safeguard the Exchange's ability to continue as a going concern in order to provide returns to proprietary holders and benefits to other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. No changes were made to the objectives, policies or processes during the year ended 31 December 2016.

The Exchange monitors capital on the basis of the capital adequacy as stipulated in Statutory Instrument 100 of 2010. The capital adequacy as at 31 December 2016 and the previous year were as follows:

	2016 US$	2015 US$
Net Asset Value	1 010 612	2 203 222
Minimum capital adequacy	1 000 000	1 000 000
Excess Net Asset Value	**10 612**	**1 203 222**

continued...

4 PROPERTY AND EQUIPMENT

	2016 US$	2015 US$
Land		
Cost	210 000	210 000
Accumulated depreciation	-	-
	210 000	**210 000**
Buildings		
Cost	727 580	718 015
Accumulated depreciation	(25 102)	(10 770)
Accumulated impairment losses	(312 478)	-
	390 000	**707 245**
ATS Hardware – Computer Equipment		
Cost	591 728	591 728
Accumulated depreciation	(177 518)	(59 173)
	414 210	**532 555**
Plant, Furniture and Fittings		
Cost	116 366	104 611
Accumulated depreciation	(50 042)	(39 540)
	66 324	**65 071**
Vehicles		
Cost	394 286	392 560
Accumulated depreciation	(253 892)	(207 463)
	140 394	**185 097**
Movement in Carrying Amount for the year		
At the beginning of the year	1 699 968	1 153 090
Additions	23 992	682 551
Disposals	(280)	(1 829)
Impairment	(312 478)	-
Depreciation	(190 274)	(133 844)
Carrying amount at end of year	**1 220 928**	**1 699 968**

Impairment loss on building

The impairment loss of $312 478 represents the write down of the building to the recoverable amount. This has been recognised in the profit or loss section of the statement of profit or loss and other comprehensive income. The recoverable amount was based on the fair value less costs to disposal of the land and building as a cash generating unit. The fair value of Land and Buildings of $600 000 was based on a comparable market approach, performed by an independent sworn appraiser. Under the market comparable approach a property's value is estimated based on comparable transactions.

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5. INTANGIBLE ASSET

	Software licence with finite useful life US$
Year ended 31 December 2016	
Carrying amount at 1 January 2016	981 436
Amortisation charge for the year	(218 097)
Carrying amount at 31 December 2016	**763 339**
As at 31 December 2016	
Cost	1 090 484
Accumulated amortisation	(327 145)
Carrying amount	**763 339**
Year ended 31 December 2015	
Carrying amount 1 January 2015	10 987
Additions at cost	1 079 497
Amortisation charge for the year 2015	(109 048)
Carrying amount at 31 December 2015	**981 436**
As at 31 December 2015	
Cost	1 090 484
Accumulated amortisation	(109 048)
Carrying amount	**981 436**

continued...

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Financial Assets at fair value through profit or loss

Movement	2016 US$	2015 US$
Carrying amount at 1 January	18 024	2 997
Acquisition of financial instruments	-	25 000
Disposal of financial instruments	(14 102)	-
Fair value adjustments through profit or loss	(643)	(9 973)
Carrying amount at 31 December 2016	**3 279**	**18 024**

6.1.1 Detailed Analysis

Financial assets at fair value through profit or loss at year end is now made up of only the Unit trusts. Detailed analysis is follows:

Detailed Analysis	2016 US$	2015 US$
(i) Unit trusts	3 279	2 775
(ii) Listed shares	-	15 249
Carrying amount at 31 December 2016	**3 279**	**18 024**

6.2 Financial liabilities: Interest-bearing loans and borrowings

Current interest-bearing Loans and borrowings	Interest rate	Maturity	2016 US$	2015 US$
$1,500,000 Investor Protection Fund loan	8% per annum	07 May 2017	17 145	17 145
			17 145	**17 145**

Non-current interest-bearing Loans and borrowings	Interest rate	Maturity	2016 US$	2015 US$
$1,500,000 Investor Protection Fund loan	8% per annum	09 Nov 2019	1 500 000	1 500 000
			1 500 000	**1 500 000**

continued...

7. TRADE AND OTHER RECEIVABLES

Description	2016 US$	2015 US$
Listed companies fees	3 349	79 643
Members brokerage fees	53 368	24 181
Annual non membership fees	1 150	-
Annual membership fees	4 299	2 300
Trade receivables	**62 166**	**106 124**
Allowance for credit losses	(6 210)	(55 810)
Net trade receivables	55 956	50 314
Other receivables	54 901	28 418
	110 857	**78 732**

Trade and other receivables are non-interest bearing and are generally settled on 30 days and 60 days. Included in other receivables is an amount of US$41,667 being the unexpired portion of the ATS Licence fees paid to Infotech Financial Technologies Limited covering the period from 01 January 2017 to 30 June 2017.

Analysis of the Trade Receivables

Below is an analysis of the ageing of receivables

Description	2016 US$	2015 US$
Neither past due nor impaired	54 806	48 014
Past due but not impaired		
30 to 60 days	1 150	-
Over 90 days	-	2 300
	55 956	**50 314**

Movement in the allowance for credit losses

	2016 US$	2015 US$
Balance at the beginning of the year	55 810	17 708
Impairment losses recognised on receivables	6 210	38 102
Amounts written off during the year	(41 176)	-
Amounts recovered during the year	(14 634)	-
Balance at the end of the year	**6 210**	**55 810**

continued...

8. CASH AND CASH EQUIVALENTS

Description	2016 US$	2015 US$
Cash and cash equivalents consist of:		
Cash at bank	5 492	12 529
Sinking Fund	10 664	10 037
Short-term deposits	401 189	847 359
Balance at the end of the year	**417 345**	**869 925**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and two months, depending on the immediate cash requirements of the Exchange, and earn interest at the respective short-term deposit rates. The cash and cash equivalents held in the sinking fund of $10,664(2015:$10,037) relates to monthly contributions in respect of half yearly coupon instalment for the long term loan.

Collateral

The deposits held in the sinking fund are pledged as security in order to fulfil the collateral requirement specified in the loan agreement and the Exchange does not have any control over the use of the collateral.

9. PROPRIETARY RIGHTS

$71,739 -300 rights (2015: $71,739 - 300 rights).

Each proprietary right is valued at US$239.13. The register of members consists of forty nine individual members and thirteen firms.

10. TRADE AND OTHER PAYABLES

Description	2016 US$	2015 US$
Trade and other payables consist of:		
Trade payables	109 278	54 990
Statutory obligations	15 875	28 941
Provisions and accrued expenses	125 829	106 778
Balance at the end of the year	**250 982**	**190 709**

Trade and other payables are non-interest bearing and normally settled between 30 and 60 days.

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11. EXPENDITURE

11.1 Staff Costs

Description	Note	2016 US$	2015 US$
Salaries		681 660	843 761
Termination benefits		35 475	-
Social security costs	16	15 340	16 482
Pension	16	107 990	128 153
Medical aid		36 272	31 135
		876 737	**1 019 531**

The average number of employees during the year was 17 (2015 – 20 employees). The Exchange implemented a short working week of four days effective from 1 May 2016. Three employees who rejected the implementation of the short working week were retrenched in accordance with the provisions of the Labour Act (Chapter 28:01).

11.2 Administration expenses

Description	2016 US$	2015 US$
Website development costs	153 276	107 306
Board fees	89 083	83 800
Software Licencing costs	42 440	8 151
Insurance	29 225	30 654
Motor vehicle fuel and oils	27 625	30 361
Rent and other premises costs	43 941	94 322
Security services	8 692	9 660
Audit fees	26 003	29 484
Computer systems support	18 449	23 119
Statutory levies	29 700	31 237
Motor vehicle service and other expenses	15 388	16 339
Subscriptions and publications	14 789	15 503
Staff lunches	10 868	17 572
Telephone and other communication expenses	20 006	22 525
Bad debts written off	15 884	-
Bad debts written off recovered	(6 000)	-
Consultancy and professional services fees	7 865	68 055
Legal fees	6 850	31 420
Management fees – Sinking Fund agent	6 600	6 600
Staff training	6 094	17 830
Travelling and conferences	6 893	26 970
Printing and stationery	5 364	7 929
Annual Report	4 888	6 019
Bank charges	4 739	7 094
Teas, cleaning and general office expenses	4 415	9 455
Carried forward	**593 077**	**701 405**

continued...

11. EXPENDITURE (continued)

11.2 Administration expenses (continued)

Description	2016 US$	2015 US$
Brought forward	**593 077**	**701 405**
ATS Escrow fees	2 418	18 321
Investor education and promotion	1 093	19 248
Annual general meeting	950	1 525
Recruitment expenses	573	1 342
Loss on scrapping of equipment	280	1 829
Staff uniforms and protective clothing	101	7 875
Staff welfare	100	291
Allowance for credit losses	6 210	38 102
Allowance for credit losses recovered	(14 634)	-
Relocation expenses	-	13 960
Special events or functions	-	2 690
	590 168	**806 588**

12. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

12.1 Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Exchange's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity securities traded on the Zimbabwe Stock Exchange.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non-quoted equity investments.

The hierarchy requires the use of observable market data when available. The Exchange considers relevant and observable market prices in its valuations where possible.

12.1 Fair value hierarchy (continued)

The table below summarises the various assets and liabilities measured at fair value and the level on the fair value hierarchy.

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
At fair value through profit or loss 2016	-	3 279	-	3 279
At fair value through profit or loss 2015	15 250	2 774	-	18 024
Unquoted equities 2016 (available for sale)	-	-	262 991	262 991
Unquoted equities 2015 (available for sale)	-	-	262 991	262 991
Land and Buildings	-	-	600 000	600 000

13. INVESTMENT IN UNQUOTED EQUITIES (AVAILABLE FOR SALE)

Description	2016 US$	2015 US$
Carrying amount at 01 January	262 991	643 670
Allowance for impairment losses	-	(380 679)
	262 991	**262 991**

The Exchange holds 111 945 shares (13.24% interest) in Chengetedzai Depository Company (CDC) an unlisted company. The fair value of the investment has been estimated at $262 991 using the net asset value approach as at 31 December 2016. The Exchange shareholding was diluted from 14.24% to 13.24% in 2016 following Chengetedzai Depository Company's rights issue.

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14. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Key management personnel compensation
Key management personnel includes the Chief Executive Officer, Operations, Finance and Business Development Executives.

The compensation paid or payable to key management personnel is shown below:

Description	2016 US$	2015 US$
Salaries and other short-term employee benefits	389 613	441 055
Pension contributions	61 542	80 161
	451 155	521 216

The amounts disclosed above are the amounts recognised as an expense during the reporting period.

15. COMMITMENTS AND CONTINGENCIES

15.1 Litigation claim contingency

The Exchange is subject to a lawsuit by a listed issuer in respect of a suspension claimed to have been unfair. A trial date has not yet been set. The Exchange has been advised by its legal counsel that the probability of success of the litigation is remote and accordingly no provision for any liability has been made in these financial statements.

15.2 Capital commitments

Description	2016 US$	2015 US$
Authorised and contracted for	-	542 764
	-	542 764

There were no authorised and contracted or authorised and uncontracted capital expenditure as at 31 December 2016.

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16. PENSION FUNDS

Pension funds are provided for employees to a separate fund to which the Exchange contributes.

Pension contributions

The fund is a defined contribution scheme independently administered and insured by ZB Life Assurance Limited.

National Social Security Scheme

The scheme was promulgated under the National Social Security Act (1989). The Exchange's obligation under the scheme is limited to specific contributions as legislated from time to time.

Description	2016 US$	2015 US$
Pension contributions	107 990	128 153
National Social Security Scheme	15 340	16 482
	123 330	144 635

17. EVENTS AFTER THE REPORTING DATE

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue, that required adjustments to be effected or the reported amounts. The following are events that occurred during the reporting period through to the subsequent reporting period:

17.1 Demutualisation update

Subsequent to the incorporation of the Zimbabwe Stock Exchange Limited on 31 December 2014, stock certificates were issued to the first shareholders of the company in March 2015. The authorised capital of the Zimbabwe Stock Exchange Limited is six million shares with a par value of $0.01 per share. The issued capital is one hundred and thirty seven shares with a par value of $.001 per share with the Government of Zimbabwe holding 32% and the members of Exchange holding 68%. The issued share capital is on the basis of a Memorandum of Understanding to the demutualisation signed on 21 July 2014.

The application for the scheme of reconstruction for the transfer of assets and liabilities to the Zimbabwe Stock Exchange Limited has been submitted to the Zimbabwe Revenue Authority (ZIMRA). This will pave way for the gazetting of the Statutory Instrument to repeal Section 121 of the Securities and Exchange Act (Chapter 24:25).

17.2 Data Portal Agreement

Subsequent to year end, a court case in respect of a claim for breach of the termination of data portal agreement has been instituted against the Exchange by the data portal service provider. Although the matter has not been set down for trial, the Exchange has been advised by legal counsel that the prospects of success of dismissal of the claim are high. Accordingly the Exchange has not made any provision for the liability for the breach of the termination of the data portal agreement.

NOTES

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