GetBucks
Microfinance Bank

GetBucks Microfinance Bank Limited Audited Condensed Financial Statements
for the year ended 30 June 2019

Chairman's Statement

Shareholders,

It is my pleasure to present the audited financial statements of GetBucks Microfinance Bank Limited ("the Bank") for the year ended 30 June 2019.

The year has been marked by numerous monetary policy developments that have significantly changed the operating environment in which we operate in. On 22 February 2019 the Reserve Bank of Zimbabwe ("RBZ") introduced the interbank foreign exchange trading with rates initially quoted at 1USD:RTGS2.5 as a first step in liberalising the foreign exchange market. As at 30 June 2019 the rate had depreciated to 1USD:RTGS7. On 24 June 2019 Statutory Instrument ("SI") 142 of 2019 was issued. SI 142 discontinued the multicurrency regime and brought back the Zimbabwe Dollar as the sole legal tender in Zimbabwe. In light of this development, the RBZ moved to increase the scope of bureau de change operators allowing them to buy funds for SMEs. In a bid to assist our clients and expand our product range the bank commenced bureau de change transactions in July 2019. This has allowed the provision of services to hitherto clients out of our scope. The bank does not carry significant foreign currency obligations. The capital preservation strategy to purchase fixed property went according to plan and helped boost the Bank's results.

The period has also seen a rise in the rate of inflation which has put pressure on the cost of business. The bank has responded by rolling out a low-cost business model ensuring that technology is used to service customer requirements. The cost of funding has increased as financiers seek to maintain the value of their money in response to increased overnight accommodation rates that were set at 50% per annum and recently increased to 70% per annum. These developments have put pressure on interest margins and cost to income ratios of the Bank.

Operating results
The bank posted a profit after tax of ZWL$11.4 million (2018: ZWL$4.5 million). This growth was driven by higher fees and commissions on loans of ZWL$7.5 million (2018: ZWL$4.0 million) due to increased loan sales, and fair value gains on investment property of ZWL$8.5 million. Interest margin declined from the previous year due to increased cost of funding. However, the Bank achieved higher fees and commissions to counter the decline. Impairment allowance increased from ZWL$0.19 million to ZWL$1 million but the loan book quality was stable as impairment allowance remained 3% of the loan book. Operating expenses increased by 73% which is commendable in view of an operating environment where year on year inflation had been reported in excess of 176% in June 2019.

Financial Position
Total assets grew by 100% to ZWL$63 million (2018: ZWL$31 million) driven by an increased loan book of ZWL$37 million (2018: ZWL$22 million). This was due to the bank's increased borrowings from ZWL$11.6 million in 2018 to ZWL$24 million. The Bank acquired property as a hedge and this increased investment property to ZWL$12.9 million (2018; ZWL$0.5 million). Cash and cash equivalents rose from ZWL$3 million to ZWL$8 million and deposits grew marginally from ZWL$1.9 million to ZWL$2.8 million.

With a capital adequacy ratio of 67% against a minimum regulation of 15% the Bank is well positioned to continue its growth trajectory.

Capital
The Bank was adequately capitalized with a net equity position of ZWL$27.6 million. This capital position is well above the minimum regulatory threshold of ZWL$5 million for microfinance banks.

Dividend
In keeping with our policy the Bank proposed and paid an interim dividend of 0.054 cents per share. Based on the results attained at the end of the year the Board recommends an additional and final dividend of 0.042 cents per share. This will bring the total dividend for the year to 0.096 cents per share which the Board recommends as the final dividend for the year ended 30 June 2019.

Corporate social responsibility
The Board and Management remain committed to improving the social well-being of the communities that we serve. During the period the Bank was involved in corporate social responsibility initiatives in education, sports and culture across provinces in the country. In particular, during the year the country experienced devastation from the effects of Cyclone Idai. As an institution we partnered with Lions Club to collect and donate clothes and foodstuff to relieve those in need.

Directorate
Mr. G. Fourie, Mr. D. van Niekerk and Mrs. M. Manjengwah resigned from the board during the year and I would like to extend our thanks for their contribution. Mr. Paul Soko, who was previously our Chief Finance Officer, was promoted to Deputy Managing Director where he will handle the operations portfolio of the business. The Board welcomes Mr. Patrick Mashinga who joined the Board as Chief Finance Officer.

Functional Currency and Audit Opinion
In October 2018, the Monetary Authorities instructed financial institutions to separate bond notes and USD accounts and indicated that corporates and individuals could proceed to open Nostro Foreign Currency Accounts ("FCAs") for foreign currency holdings which were now being exclusively distinguished from the existing RTGS FCA accounts. However, on this date a new currency had not been introduced as the USD remained as the sole currency. On 22 February 2019, the Reserve Bank of Zimbabwe ("RBZ") issued Exchange Control Directive, RU 28 of 2019 which established an interbank foreign exchange market to formalise the buying and selling of foreign currency through banks and bureau de change. On the same date the RTGS dollar was introduced. On the same date, Statutory Instrument ("SI") 33 of 2019 was also issued and it specified that for accounting and other purposes, all assets and liabilities that were in USD immediately before 22 February 2019 were deemed to be valued in RTGS Dollars at a rate of US$1: ZWL1.

The Bank used a fixed exchange rate of US$1: ZWL1 for the period up to 22 February 2019 resulting in non-compliance with the requirements of International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates, as doing so would have been in contravention of SI 33 of 2019.

In light of the failure to fully comply with the requirements of IAS 21, the Bank's independent auditors, have issued an adverse opinion on the financial statements for the year ended 30 June 2019.

Outlook
The launch of our retail offering continues to be an important aspect of the business and is expected to generate new revenue streams. The Bank will focus on using technology to deliver these services and embedding its products with various retailers and service providers. The provision of financial services using technology continues to be the core focus of the Bank. The Bank is poised to roll out services through a low-cost agent model and take advantage of the opportunities arising from market liberalization of the foreign exchange market.

Auditor's Statement

These financial results have been audited by PriceWaterhouseCoopers Chartered Accountants Zimbabwe and the engagement partner was Mr. Tinashe Rwodzi. An adverse opinion was issued because of non-compliance with International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates).

The key audit matters were as follows:
- Expected credit loss assessment on loans and advances to customers,
- Hyperinflation accounting considerations.

The auditor's report on these financial statements is available for inspection at the Company's registered office.

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

DR. R MBIRE
CHAIRMAN

DATE: 31 OCTOBER 2019

Dividend Declaration Notice

Notice is hereby given that on 17 September 2019, the Board of Directors of GetBucks Microfinance Bank Limited declared a final dividend of ZWL$0.00042 (0.042 cents) per share payable in respect of all ordinary shares of the company.

This dividend is in respect of the year ended 30 June 2019 and will be payable in full to all shareholders of the company registered at close of business on 15 November 2019.

The payment of this dividend will take place on or about 18 November 2019. The shares of the company will be traded cum-dividend ("with dividend") on the Stock Exchange up to the market day of 12 November 2019 and ex-dividend as from 13 November 2019. Non-resident shareholders tax and resident shareholders tax will be deducted from the gross dividends where applicable.

BY ORDER OF THE BOARD

MR. P. SOKO
COMPANY SECRETARY

31 OCTOBER 2019

Statement of Financial Position

	Note	2019 ZWL$	2018 ZWL$
ASSETS			
Cash and cash equivalents	4	8 034 745	3 127 535
Loans and advances to customers	5.1	37 192 379	21 630 971
Financial assets at amortised cost	6.1	-	1 921 499
Other assets	6.2	2 032 176	3 502 379
Tax receivable	7	732 147	311 487
Deferred tax assets	8	-	32 342
Intangible assets	9	224 414	88 055
Equipment	10	1 478 687	269 362
Investment property	11	12 985 742	539 411
Total assets		**62 680 290**	**31 423 041**
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	12	109	109
Share application funds reserve		999 900	999 900
Share premium		2 883 628	2 883 628
Regulatory reserve		61 857	382 193
Other reserves		58 278	58 278
Retained profits		23 597 552	12 697 847
Total equity		**27 601 324**	**17 021 955**
LIABILITIES			
Other financial liabilities	13	6 671 156	830 619
Deferred tax liability	8	1 157 078	-
Deposits from customers	14	2 854 200	1 996 538
Borrowings	15	24 396 532	11 573 929
Total liabilities		**35 078 966**	**14 401 086**
Total equity and liabilities		**62 680 290**	**31 423 041**

The above statement of financial position should be read in conjunction with accompanying notes.
The financial statements were approved by the Board of Directors on 17 September 2019 and signed on its behalf by:

DR. R. MBIRE
CHAIRMAN

MR. T.W. MUDANGWE
MANAGING DIRECTOR

Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 ZWL$	2018 ZWL$
Interest income	16	12 485 186	9 202 222
Interest expense	17	(2 580 272)	(875 835)
Net interest income		**9 904 914**	**8 326 387**
Fee and commission Income	18	7 516 769	4 057 194
Other Income	11	8 530 140	-
Total net income		**25 951 823**	**12 383 581**
Allowance for impairment losses	5.6	(1 090 355)	(198 714)
Operating expenses	19	(10 592 261)	(6 114 738)
Profit before taxation		**14 269 207**	**6 070 129**
Income tax expense	20	(2 875 174)	(1 521 454)
Profit for the year		**11 394 033**	**4 548 675**
Other comprehensive income			
Items that will not be reclassified to profit or loss:		-	-
Items that may be subsequently reclassified to profit or loss:		-	-
Total comprehensive income for the year, net of tax		**11 394 033**	**4 548 675**
Earnings per share (cents)	12	1.04	0.42
Diluted earnings per share (cents)	12	1.04	0.42
Headline earnings per share	12	0.54	0.43

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

Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 ZWL$	2018 ZWL$
Cash flows from operating activities			
Cash generated from operations	22	(10 811 974)	(9 402 054)
Interest received		11 860 927	9 352 706
Interest paid		(2 247 545)	(623 949)
Income tax paid	23	(2 106 414)	(1 531 275)
Net cash flows generated from operating activities		**(3 305 006)**	**(2 204 572)**
Cash flows from investing activities			
Proceeds from disposal of equipment		9 820	-
Purchase of equipment		(1 406 055)	(140 329)
Proceeds from/(Payments for) financial assets at amortised cost		2 100 000	(1 921 499)
Purchase of software		(174 974)	(25 643)
Purchase of investment property		(3 916 191)	(539 411)
Net cash flows utilised in investing activities		**(3 387 400)**	**(2 626 882)**
Cash flows from financing activities			
Proceeds from borrowings	15	12 605 698	6 107 500
Dividends paid		(1 006 082)	(1 038 889)
Net cash flows generated from financing activities		**11 599 616**	**5 068 611**
Net increase in cash and cash equivalents		**4 907 210**	**237 157**
Cash and cash equivalents at the beginning of the year		3 127 535	2 890 378
Cash and cash equivalents at the end of the year	4	**8 034 745**	**3 127 535**

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

Statement of Changes in Equity
For the year ended 30 June 2019

	Share capital ZWL$	Share premium ZWL$	Share application fund reserve ZWL$	Retained Earnings ZWL$	Regulatory reserves ZWL$	Other reserves ZWL$	Total equity ZWL$
YEAR ENDED 30 JUNE 2018							
Balance at 1 July 2017	**109**	**2 883 628**	**999 900**	**9 570 254**	**-**	**42 190**	**13 496 081**
Profit for the year	-	-	-	4 548 675	-	-	**4 548 675**
Total comprehensive income for the period	**-**	**-**	**-**	**4 548 675**	**-**	**-**	**4 548 675**
Transactions with owners in their capacity as owners							
Dividends declared and paid	-	-	-	(1 038 889)	-	-	**(1 038 889)**
Value of employee services	-	-	-	-	-	16 088	**16 088**
Transfer to regulatory reserve	-	-	-	(382 193)	382 193	-	**-**
	-	-	-	(1 421 082)	382 193	16 088	**(1 022 801)**
Balance at 30 June 2018	**109**	**2 883 628**	**999 900**	**12 697 847**	**382 193**	**58 278**	**17 021 955**
YEAR ENDED 30 JUNE 2019							
Balance at 1 July 2018 (previously stated)	**109**	**2 883 628**	**999 900**	**12 697 847**	**382 193**	**58 278**	**17 021 955**
Restatement as a result of adoption of IFRS 9 (note 2.16)	-	-	-	191 418	-	-	191 418
	109	2 883 628	999 900	12 889 265	382 193	58 278	17 213 373
Profit for the year	-	-	-	11 394 033	-	-	**11 394 033**
Total comprehensive income for the period	**-**	**-**	**-**	**11 394 033**	**-**	**-**	**11 394 033**
Transactions with owners in their capacity as owners							
Dividends declared and paid	-	-	-	(1 006 082)	-	-	**(1 006 082)**
Transfer from regulatory reserve	-	-	-	320 336	(320 336)	-	**-**
	-	-	-	(685 746)	(320 336)	-	**(1 006 082)**
Balance at 30 June 2019	**109**	**2 883 628**	**999 900**	**23 597 552**	**61 857**	**58 278**	**27 601 324**

Directors: Dr. R. Mbire (Board Chairman), T. W. Mudangwe* (Managing Director), P. Soko* (Deputy Managing Director), W.T. Kambwanji, G. Manyere, P.S. Moyo, G. Nyengedza, P. Mashinga* (Chief Finance Officer). *Executive
Registered Office: Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.

GetBucks

Microfinance Bank

Getbucks Microfinance Bank Limited Audited Condensed Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

For the year ended 30 June 2019

1 GENERAL INFORMATION

GetBucks Microfinance Bank Limited ("Getbucks" or "the Company") is registered as a Deposit Taking Microfinance Bank by the Reserve Bank of Zimbabwe, under the MicroFinance Act (Chapter 24:29), and is a subsidiary of GetBucks Limited which holds 50.3%, (2018 :50.3%) of the Company's ordinary shares. The Company was listed on the Zimbabwe Stock Exchange on 15 January 2016 and obtained its deposit taking licence in the same month.

The Company is a limited liability Company incorporated and domiciled in Zimbabwe. The Company's business is predominantly Zimbabwean.

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") except for non-compliance with International Accounting Standard ("IAS") 21, The Effects of Changes in Foreign Exchange Rates described in note 3.1 and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as issued by the International Accounting Standards Board ("IASB"), the Institute of Chartered Accountants of Zimbabwe ("ICAZ") Financial Reporting Guides as issued by the Accounting Standards Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

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

2.1.2 Going concern

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

2.2 Foreign currency translation

a) Functional and presentation currency

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

The country pronounced the Zimbabwe Dollar as the sole legal tender in June 2019, moving from a multi currency system that used a basket of foreign currencies as legal tender. The currency has a limited range of local bond notes, coins and various forms of electronic payment platforms. The currency pronouncements are discussed under note 3.1 below.

b) Transactions and balances

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

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

2.3 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. There were no overdrafts as at the reporting date.

2.4 Intangible assets

Software licenses

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

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

2.5 Equipment

a) Recognition and measurement

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

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of equipment have different useful lives, they are accounted for (major components) as separate equipment.

b) Subsequent measurement

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

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

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

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

2.5 Equipment - (continued)

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

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

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

c) Derecognition

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

2.6 Investment properties

a) Recognition criteria

Investment properties are those properties held for earning rental income and/or for capital appreciation. None of these properties are occupied by the Company for its business activities. In the case where property will be partly used for business and partly leased out under an operating lease, the property will be split according to its use.

Subsequent to initial recognition, investment properties are stated at fair value, based on valuations performed by independent professional valuers. Valuations should be carried out at least at each reporting date. Fair value gain or losses are recorded through profit or loss. Where the fair value of the investment property cannot be measured reliably, it is then measured at cost until the fair value becomes determinable.

b) Transfers to and from investment properties

Transfers are made to or from investment property only when there is a change in use and a revaluation is done first before the transfer. If a significant portion of investment property becomes owner occupied where split is not possible, it is reclassified as property and equipment in accordance with IAS 16 (Property, plant and equipment) and its fair value at the date of its classification becomes its cost for subsequent accounting as property and equipment under IAS 16.

c) Derecognition

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

2.7 Current income and deferred tax

Current income tax assets and liabilities

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

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

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

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

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

2.8 Share capital

Ordinary shares and Share Premium

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

2.9 Share application reserve

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

2.9.1 Share issue costs

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

2.10 Revenue recognition

Revenue is derived from the microfinance business and related activities and comprises interest income and non-interest income. Revenue arises from IFRS 9 (Financial instruments) and IFRS 15 (Revenue from contracts with customers).

2.10.1 Revenue within the scope of IFRS 15

The Company recognises revenue from contracts with customers under the scope of IFRS 15 as it transfers goods or services to customers at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services excluding amounts collected on behalf of third parties. The Company applies the 5-step approach to revenue recognition under IFRS 15. Revenue is recognised when a performance obligation is satisfied by transferring the promised service to the customer. Control includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. If the Company does not satisfy its performance obligation over time, it satisfies it at a point in time and revenue will be recognised when control is passed or service performed at that point in time. Revenue is recognised under the scope of IFRS 15 as follows:

2.10.1.1 Fee and Commission income

Revenue from fee and commission income includes account maintenance fees, ledger fees, cash withdrawal fees, and point of sale income as the related services are performed. Loan commitment fees ("establishment fees") for loans that are likely to be drawn down are deferred over the life of the loan and set-off against acquisition costs that relate to similar loans and tenures. Commission is earned on credit life insurance policies on loans.

Fee and commission income is generally recognised on an accrual basis when the service has been provided.

Revenue is measured at the transaction price for satisfying a perfomance obligation. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due and measurement of the associated costs incurred to earn the revenue. From the business of microfinance and related services, revenue comprises interest income and fees and commission income.

2.10.2 Revenue within the scope of IFRS 9

The Company's revenue items recognised under the scope of IFRS 9 are as follows:

Interest income

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of respective financial assets, but not expected credit losses. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

2.11 Leases

Company as a lessor

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

The finance charges earned are computed at the effective interest rates in the contracts and are in proportion to balances outstanding under each contract. The unearned portion of finance charges is shown as a deduction from loans and advances. The Company had no finance leases during the reporting period ended 30 June 2019 (30 June 2018: ZWL$nil).

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

Company as a lessee

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

IFRS 16 will have an impact on the Company by virtue of operating lease contracts the Company holds with third parties. The Company has reviewed all its leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will primarily affect the accounting for the Company's operating leases.

As at the reporting date, the Company had non-cancellable lease commitments of ZWL$272 868. Of these commitments, approximately ZWL$241 668 relates to short term leases which were recognised on a straight line basis as expense in profit or loss. The Company did not have lease relating assets.

The Company does not have any activities as a lessor. The Company only has one lease agreement which has a period greater than one year but the lease agreement is not material. As a result, the Company does not expect to record right of use assets or lease liabilities on transition to IFRS 16.

2.12 Employee benefits

a) Termination benefits

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

b) Short-term employee benefits and compensation absences

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

Wages, salaries, paid annual leave, bonus and other monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees to the Company.

c) Bonus plans

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

d) Post-employment benefits

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

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

e) Pensions

The Company operates a defined contribution plan. This is a plan under which the Company pays fixed contributions into a separate entity. The Company 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 or prior periods.

f) National Social Security Authority Scheme

The Company and its employees contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04). The Company's obligations under the scheme are limited to specific contributions as legislated from time to time.

g) Share Option Scheme

The Company issues share options to certain employees in terms of the Employee Share Option Scheme which is an equity settled share-based payment scheme. Share options are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the options is expensed over the vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and other behavioural considerations.

2.13 Provisions

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

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

Directors: Dr. R. Mbire (Board Chairman), T. W. Mudangwe* (Managing Director), P. Soko* (Deputy Managing Director), W.T. Kambwanji, G. Manyere, P.S. Moyo, G. Nyengedza, P. Mashinga* (Chief Finance Officer). *Executive
Registered Office: Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.


Notes to the Financial Statements (continued)

For the year ended 30 June 2019

2.14 Dividend Distribution

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

2.15 Segment information

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

For management purposes the Executive Committee has identified two segments:
a. Consumer lending: Individual public and private sector consumer loans; and
b. Small and Medium Enterprise ("SME") lending: Loans and other credit facilities for corporate clients.

The Company operates within the microfinance sector. The activities of the Company are mostly related to providing financial services to Zimbabweans who require funding for daily consumption needs. The operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, which makes strategic decisions.

2.16 Standards issued and adopted for the 30 June 2019 year-end.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 July 2018 and earlier application is permitted. The Company has adopted the following new or amended standards in preparing these financial statements.

2.16.1 IFRS 15 Revenues from Contracts with Customers

During the year, the Company has applied IFRS 15, Revenue from Contracts with customers (as amended in April 2016), which is effective for annual periods beginning on or after 1 July 2018. IFRS 15 introduced a 5-step approach to revenue recognition. IFRS 15 has added more prescriptive guidance to deal with specific scenarios regarding revenue.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces previous revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Company has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its financial statements. This focused on a review of fees and commission income. The Company earns fees and commission income (other than fees included in the calculation of the effective interest rate) on provision of the following services:

- Retail banking;
- SME banking;
- Insurance Commission

The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Company. Accordingly, the impact on the comparative information is limited to new disclosure requirements.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedience for completed contracts in IFRS 15:C5(a), and (b), or for modified contracts in IFRS 15:C5(c) but using the expedient in IFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018. IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position.

The Company has however not yet adopted the terminology used in IFRS 15 to describe such balances. The application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

2.16.2 IFRS 9 Financial Instruments

2.16.2.1 Financial assets

Initial recognition

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets held by the Company include balances with banks and cash, and loans and advances. The Company's financial assets in the scope of IFRS 9 are classified at initial recognition and subsequently measured at amortised cost.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at individual instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

Hold to collect business model test

The assets are held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows. Financial assets do not always have to be held to maturity in order to comply with the test.

Derecognition

Derecognition of a financial asset occurs when:
- the rights to receive cash flows from the asset have expired; and
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full to a third party.

2.16.2.2 Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, and deposits and are all classified at amortised cost.

2.16.2.2 Financial liabilities - (continued)

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. Where 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 initial liability and the recognition of a new liability.

2.16.2.3 Impairment

The Company assesses at each reporting date on a forward looking basis, the expected credit losses ("ECL") associated with a financial asset or a group of financial assets. At each reporting date the Company also assesses whether the credit risk of its financial assets has increased significantly since initial recognition. Whether credit risk has significantly increased or not is determined by changes in default risk. Evidence of change in default risk may include indications that the debtors or a group of debtors is experiencing significant difficulty in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The carrying amount of financial assets in the statement of financial position is reduced by the loss allowance for ECLs. The Company recognises 12 month expected credit loss as loss allowance when there is no significant increase in the credit risk of the financial asset since initial recognition. When there is significant increase in credit risk since initial recognition, expected credit losses for the remaining life of financial assets are recognised as a loss allowance. The amount of the credit loss expense is measured as the present value of all cash shortfalls discounted at the financial asset's original effective interest rate. Credit loss is recognised even if the Company expects to be paid in full but later than when contractually due. The Company recognises in profit or loss an impairment gain or loss reflecting the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

Classification and measurement

On 1 July 2018 (the date of initial application of IFRS 9), the Company's management assessed which business models apply to the financial assets held by the Company and classified its financial instruments into the appropriate IFRS 9 categories. The impact on classification and measurement of the classes of financial assets of the Company, as at 1 July 2018 on adoption of the new accounting policies is outlined below;

	IAS 39		IFRS 9	
	Classification	Carrying amount ZWL$	Classification	Carrying amount ZWL$
Financial assets				
Balances with banks and cash	Amortised cost	3 127 535	Amortised cost	3 127 535
Treasury Bills	Amortised cost	1 921 499	Amortised cost	1 921 499
Loans and advances to customers	Amortised cost	21 630 971	Amortised cost	21 822 389
Tax receivable	Amortised cost	311 487	Amortised cost	311 487
Other assets	Amortised cost	3 502 379	Amortised cost	3 502 379
Financial Liabilities				
Deposits from customers	Amortised cost	1 996 538	Amortised cost	1 996 538
Borrowings	Amortised cost	11 573 929	Amortised cost	11 573 929

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The Company has classified its financial instruments based on the assessment of the business model and analysis of the cashflows. This has been used to reconcile the movement from IAS 39 classification and measurement to IFRS 9 classification and measurement below on 1 July 2018:

	IAS 39 carrying amount as at 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount as at 1 July 2018
Amortised cost				
Balances with banks and cash	3 127 535	-	-	3 127 535
Financial assets at amortised cost	1 921 499	-	-	1 921 499
Loans and advances to customers	21 630 971	-	191 418	21 822 389
Tax receivable	311 487	-	-	311 487
Other assets	3 502 379	-	-	3 502 379
Deposits from customers	1 996 538	-	-	1 996 538
Borrowings	11 573 929	-	-	11 573 929

Reconciliation of impairment allowance from IAS 39 to IFRS 9

The below table provides a reconciliation of prior period closing impairment allowance in accordance to IAS 39 incurred loss model to the new impairment under IFRS 9 expected credit losses model at 1 July 2018.

	IAS 39 carrying amount as at 30 June 2018	Reclassification	Remeasurement	IFRS 9 carrying amount as at 1 July 2018
Amortised cost				
Balances with banks and cash	-	-	-	-
Loans and advances to customers	726 324	-	(191 418)	534 906
Financial assets at amortised cost	-	-	-	-
Other assets	-	-	-	-
Total	**726 324**	**-**	**(191 418)**	**534 906**

2.17 Fair Value Measurement

The Company measures financial instruments, such as derivatives, and non-financial assets, such as land and buildings, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 5. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible by the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable;
information on the Company's fair value hierarchy is provided in note 32.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - that is, the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a financial liability with a demand feature (for example, a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which have to be made in the course of the preparation of the financial statements. Accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. The key estimates and judgements that were made during the preparation of the financial statements were as follows:

3.1 Currency considerations

On 1 October 2018, the Reserve Bank of Zimbabwe ("RBZ") announced measures aimed at strengthening the multi-currency system by introducing separate bank accounts for ZWL FCAs and Nostro FCAs. Bank accounts in Zimbabwe were separated and designated as such. The ZWL FCA bank accounts and Nostro FCA bank accounts were officially designated as being at par. On 20 February 2019, the RBZ formalised the trading mechanism between the ZWL and international currencies. This was achieved by establishing an inter-bank foreign exchange market. The necessary legal instrument, Statutory Instrument ("SI") 33 of 2019 was promulgated on 22 February 2019 to give official existence to the new currency. SI 33 prescribed, amongst other directives, that for accounting and other purposes, all local assets and local liabilities in Zimbabwe that were valued in US$ immediately before the directive would on and after the effective date be deemed to be valued in ZWL$ at a rate of 1:1 to the US$.

On 24 June 2019 the RBZ, through Statutory instrument 142 of 2019, pronounced the Zimbabwe dollar to be the sole currency for legal tender purposes. This meant that the British pound, United States dollar, South African rand, Botswana pula and any other foreign currency whatsoever were no longer legal tender alongside the ZWL$ in any transactions in Zimbabwe. The pronouncement, however, did not affect the opening or operation of foreign currency designated accounts, otherwise known as 'Nostro FCA accounts' which continued to be designated in foreign currencies with which they were opened and were operated.

Impact of Zimbabwean currency developments on financial reporting

From an IAS 21 perspective, the separation of the ZWL FCA and Nostro FCA accounts on 1 October 2018 by the RBZ was a strong indicator of a change in functional currency. However, the Company maintained the 1:1 parity between the US$ and the ZWL$ for accounting purposes for the period to 22 February 2019 in order to comply with laws of Zimbabwe that did not recognise ZWL FCA as currency until 22 February 2019 when SI 33 of 2019 was promulgated. An alternative way of accounting for these changes that complies with IFRS was to use the Old Mutual Implied Rate ("OMIR") for conversion of ZWL FCA denominated numbers to the US$. Though this approach would be IFRS compliant, this would result in non compliance with the laws and regulations of Zimbabwe, prior to the introduction of the Zimbabwe dollar on 22 February 2019.

The OMIR rate on 1 October 2018 stood at 2.731 and closed at 5.075 as at 31 December 2018. Post the introduction of the interbank market for trading foreign currency, the ZWL dollar traded at 2.5 to the US$ in February 2019 and closed trading at 6.622 to the US$ on 30 June 2019.

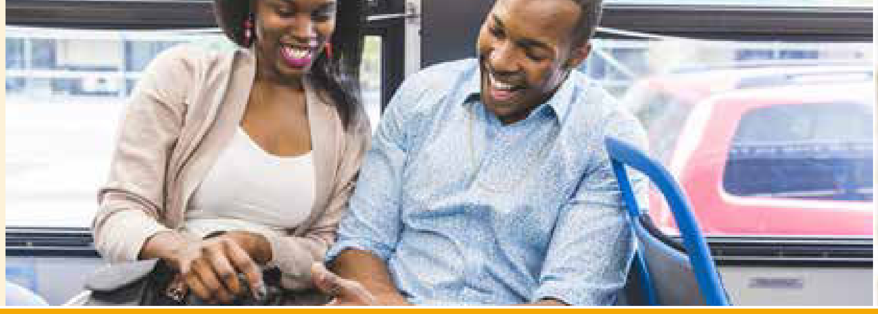
Based on the foregoing, the functional and presentation currency of the Company changed from the US$ to the Zimbabwe dollar with effect from 22 February 2019.

3.2 Impairment losses on loans and advances

The measurement of impairment losses across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

GetBucks

Microfinance Bank



Getbucks Microfinance Bank Limited Audited Condensed Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

3.2 Impairment losses on loans and advances - (continued)

The measurement of impairment losses across all categories of financial assets requires judgment. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:
a. The Company's assigned probability of default (PDs) to the individual grades.
b. The Company's criteria for assessing if there has been a significant increase in credit risk so that allowances for financial assets should be measured on a life time expected credit losses basis and the qualitative assessment.
c. The segmentation of financial assets when their ECL is assessed on a collective basis.
d. Development of ECL models, including the various formulae and the choice of inputs. Determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, exposure at default (EADs) and loss given default (LGDs).
e. Selection of forward looking macro economic scenarios and their probability weightings, to derive the economic inputs into their ECL models.

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

3.3 Principal assumptions underlying estimation of fair values for investment property

Fair values for investment property were arrived at by applying the implicit investment approach. This method is based on the principle that rent and capital values are inter - related. Comparable rent from offices and industrials within the locality of the property were used. These were based on use, location, size and quality of finishes. The rentals were then annualised and a capitalisation factor applied to give a market value. In arriving at the market value, the following rentals were applied on the main space:

	Area (m2)	Rate $/m2	Monthly rental (US$)
Main building			
Main offices	1,162.40	8.5	9,880
Centre lounge	66.60	6	400
Staff quarters	45.00	4	180
Yard	4,000.00	0.2	800
Total monthly rent			**11,260**
Total annual rent			**135,120**
Capitalised by the years' purchase in perpetuity @ 10.00%			**10**
Market value			**1,350,000**

3.4 Inflation

The Company has not applied the principles of IAS 29, Financial Reporting in Hyperinflationary Economies, in the preparation of the financial statements. The standard does not prescribe when hyperinflation arises. The official annual inflation rate for Zimbabwe was 175.66% in June 2019. Subsequent to June 2019 Zimbabwe suspended calculation and publication of annual inflation rates until February 2020 in order to rebase consumer price indices's after introduction of a new currency. Though the environment in which the Company operates met some of the requirements of IAS 29, reporting based on the standard would have been in conflict with the laws and regulations of Zimbabwe, the primary economic environment. Subsequent to year end, the Public Accountants and Auditors Board ("PAAB") issued a pronouncement that Zimbabwe is a hyperinflationary environment effective July 1, 2019.

4 CASH AND CASH EQUIVALENTS

	2019 ZWL$	2018 ZWL$
Cash and cash equivalents consist of:		
Cash on hand	361 347	143 930
Balances with the Reserve Bank of Zimbabwe	4 388 180	2 105 105
Bank balances	3 285 218	878 500
	8 034 745	**3 127 535**

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

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

	2019 ZWL$	2018 ZWL$
Credit rating		
AA	5 759	-
AA-	-	12 747
A+	38 575	23 712
A	-	17 966
BBB+	13 169	14 630
BBB-	2 640 460	308 238
BB+	296 665	161 368
B+	8 230	37 931
unrated	4 670 540	2 407 013
	7 673 398	**2 983 605**

The Company utilises various banks for financial services and deposits. In addition, the use of several institutions further manages concentration risk. Deposits with the Reserve Bank of Zimbabwe and other banks are used to facilitate customer transactions including payments and withdrawals. The bank is not licensed to process foreign currency account payments for its customers. All cash balances are unencumbered and available for use. There is no impairment charge on cash balances.

5 LOANS AND ADVANCES TO CUSTOMERS

	2019 ZWL$	2018 ZWL$
5.1 Loans and advances maturities		
Consumer loans		
Maturing within 3 months	5 093 397	3 142 556
Maturing within 3 - 12 months	11 877 688	8 521 069
Maturing 1- 5 years	6 811 109	1 292 514
Gross carrying amount	23 782 194	12 956 139
Less credit impairment (note 5.6)	1 196 992	601 319
Specific impairment allowance (note 5.6)	996 144	-
Portfolio impairment allowance	200 848	601 319
Net carrying amount	**22 585 202**	**12 354 820**
Current (no more than 12 months after reporting period)	15 774 093	11 062 306
Non-current (more than 12 months after reporting period)	6 811 109	1 292 514
	22 585 202	12 354 820
SME loans		
Maturing within 3 months	2 900 658	3 411 328
Maturing within 3 - 12 months	7 312 099	3 738 421
Maturing 1- 5 years	3 283 728	1 169 605
Gross carrying amount	13 496 485	8 319 354
Less credit impairment (note 5.6)	75 100	115 879
Specific impairment allowance (note 5.6)	21 855	115 879
Portfolio impairment allowance	53 245	-
Net carrying amount	**13 421 385**	**8 203 475**
Current (no more than 12 months after reporting period)	10 137 657	7 033 870
Non-current (more than 12 months after reporting period)	3 283 728	1 169 605
	13 421 385	8 203 475
Mortgage loans		
Maturing within 3 months	141 211	81 151
Maturing within 3 - 12 months	309 683	248 441
Maturing 1- 5 years	502 169	425 235
Maturing over 5 years	240 179	326 975
Gross carrying amount	1 193 242	1 081 802
Less credit impairment	7 450	9 126
Specific impairment allowance	-	9 126
Portfolio impairment allowance	7 450	-
Net carrying amount	**1 185 792**	**1 072 676**
Current (no more than 12 months after reporting period)	443 445	320 466
Non-current (more than 12 months after reporting period)	742 348	752 210
	1 185 792	**1 072 676**
Total net carrying amount	**37 192 379**	**21 630 971**
Current (no more than 12 months after reporting period)	26 355 194	18 416 642
Non-current (more than 12 months after reporting period)	10 837 185	3 214 329
	37 192 379	**21 630 971**

The maturity analysis of loans and advances is based on the remaining period to contractual maturity from year end. The amount pledged as security by customers to GetBucks for mortgages and SME loans as at 30 June 2019 stood at ZWL$30 738 306 (2018: ZWL$11 407 739). Collateral comprises cession of book debts and mortgage bonds for SME loans (note 30.1). Included in loans and advances are staff loans of ZWL$839 039 (2018: ZWL$696 762). These loans are extended to staff at commercial, market related terms.

5.2 Irrevocable commitments

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

5.3 Sectoral analysis

	2019 ZWL$	2019 %	2018 ZWL$	2018 %
Consumer loans	22 585 202	61%	12 354 820	57%
Small and Medium Enterprises ("SME")	13 421 385	36%	8 203 475	38%
Mortgage loans	1 185 792	3%	1 072 676	5%
	37 192 379	**100%**	**21 630 971**	**100%**

Consumer loans relate to deduction at source based loans to civil servants and public sector employee lending. Executive loans also fall under consumer loans. SME relates to loans and advances to small and medium enterprises. Mortgage loans are salary based loans advanced for the purchase of property.

5 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

5.3 Sectoral analysis (continued)

	Single highest customer loan 2019 %	Single highest customer loan 2018 %	Top 10 highest loans 2019 %	Top 10 highest loans 2018 %
Customer concetration				
Consumer	0.02	0.04	0.22	0.4
SME	11.3	10.9	49.4	31.7
Mortgage	23.2	25.6	78.6	85.0

5.4 Analysis of Credit Quality by Sector

Pass relates to loans graded 1-3 (there is no distinction in credit quality between grades 1-3) - performing.
Special mention relates to loans graded 4 -7.
Substandard relates to loans graded 8.
Doubtful relates to loans graded 9.
Loss relates to loans in grade 10.

	Pass ZWL$	Special Mention ZWL$	Sub-Standard ZWL$	Doubtful ZWL$	Loss ZWL$	Total ZWL$
As at 30 June 2018						
Consumer	11 995 297	225 043	85 266	54 342	596 191	12 956 139
SME	5 480 263	1 627 120	252 662	169 669	789 640	8 319 354
Mortgage	502 839	329 673	65 000	84 501	99 789	1 081 802
	17 978 399	2 181 836	402 928	308 512	1 485 620	22 357 295

	Pass ZWL$	Special Mention ZWL$	Sub-Standard ZWL$	Doubtful ZWL$	Loss ZWL$	Total ZWL$
As at 30 June 2019						
Consumer	22 981 568	110 145	36 597	169 495	484 389	23 782 194
SME	9 231 891	3 343 383	93 049	54 003	774 159	13 496 485
Mortgage	306 097	155 584	101 605	112 230	517 726	1 193 242
	32 519 556	3 609 112	231 251	335 728	1 776 274	38 471 921

	2018			
	Mortgage ZWL$	SME ZWL$	Consumer ZWL$	Total ZWL$
Performing loans	502 839	5 480 263	11 995 296	17 978 398
Underperforming loans	578 964	2 839 091	960 842	4 378 897
	1 081 803	**8 319 354**	**12 956 138**	**22 357 295**

	2019			
	Mortgage ZWL$	SME ZWL$	Consumer ZWL$	Total ZWL$
Performing loans	306 098	9 231 891	22 981 568	32 519 557
Underperforming loans	887 145	4 264 594	800 625	5 952 364
	1 193 243	**13 496 485**	**23 782 193**	**38 471 921**

5.5 Exposure to credit risk

	2019 ZWL$	2018 ZWL$
Consumer loans at amortised cost		
Individually impaired		
Grade 8 - 10	690 481	735 799
Grade 4 - 7	110 145	225 043
Collectively impaired		
Grade 1- 3	22 981 568	11 995 297
Gross carrying amount	23 782 194	12 956 139
Less credit impairment allowance (note 5.6)	1 196 992	601 319
Carrying amount (note5.1)	22 585 202	12 354 820
SME loans		
Past due and impaired		
Grade 8 - 10	921 211	1 211 971
Grade 4 - 7	3 343 383	1 627 120
Grade 1- 3	9 231 891	5 480 263
Gross carrying amount	13 496 485	8 319 354
Less credit impairment allowance (note 5.6)	75 100	115 879
Carrying amount	13 421 385	8 203 475
Mortgage loans		
Past due and impaired		
Grade 8 - 10	731 561	249 290
Grade 4 - 7	155 584	329 673
Grade 1- 3	306 097	502 839
Gross carrying amount	1 193 242	1 081 802
Less credit impairment allowance (note 5.6)	7 450	9 126
Carrying amount	1 185 792	1 072 676
Gross carrying amount SME, Mortgages and Consumer Loans	38 471 921	22 357 295
- Measured at 12 month expected credit losses	30 780 799	19 228 226
- Measured at lifetime expected credit losses	7 691 122	3 129 069
Less credit impairment allowance (note 5.6)	1 279 542	726 324
Net carrying amount	37 192 379	21 630 971
Impairment as a percentage of gross loans and advances	3.3%	3.2%

The gross carrying amount of the loan book disaggregated between stages 1 to 3 is below.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Outstanding balance as at 30 June 2018 (IAS 39)	-	-	-	22 357 295
IFRS 9 adjustment	-	-	-	191 418
Outstanding balance as at 1 July 2018 (IFRS 9)	**19 419 644**	**2 069 980**	**1 059 089**	**22 548 713**
Financial assets derecognised during the period	(12 382 226)	(933 329)	(337 603)	(13 653 158)
Transfers:				
Transfers from stage 1 to stage 2	(961 883)	628 164	-	(333 719)
Transfers from stage 2 to stage 1	48 712	(132 670)	-	(83 959)
Transfers from stage 1 to stage 3	(398 098)	-	375 481	(22 617)
Transfers from stage 3 to stage 1	-	-	-	-
Transfers from stage 2 to stage 3	-	(447 033)	467 281	20 248
Transfers from stage 3 to stage 2	-	-	-	-
Changes in static loans	(2 513 013)	(80 681)	(163 725)	(2 757 419)
New financial assets originated	25 314 535	4 434 467	1 004 213	30 753 215
Write offs	(22 617)	(37 285)	(215 226)	(275 128)
Other loans and advances (including staff loans and receivables from employers)	2 275 745	-	-	2 275 745
Outstanding balance as at 30 June 2019	**30 780 799**	**5 501 612**	**2 189 510**	**38 471 922**

Amounts disclosed above as past due and impaired are the total amounts with a loan class where a portion of the loans and advances are considered impaired.

Not all past due amounts have been fully provided as there is a history of repayment in those classes that has been considered in determining possible impairment.

Directors: Dr. R. Mbire (Board Chairman), T.W. Mudangwe* (Managing Director), P. Soko* (Deputy Managing Director), W.T. Kambwanji, G. Manyere, P.S. Moyo, G. Nyengedza, P. Mashinga* (Chief Finance Officer). *Executive
Registered Office: Ground Floor, MIPF House. 5 Central Avenue, Harare, Zimbabwe.

GetBucks
Microfinance Bank

Getbucks Microfinance Bank Limited Audited Condensed Financial Statements for the year ended 30 June 2019

GETBUCKS MICROFINANCE BANK 1842/05

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

5 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

5.6 Impairment loss on loans and advances

	Specific allowance ZWL$	Portfolio allowance ZWL$	Total allowance ZWL$
Consumer loans			
Balances as at 1 July 2018	-	601 319	601 319
Increase/(decrease) in impairment allowance	926 478	206 332	1 132 810
Loans written off	-	(537 137)	(537 137)
Balances as at 30 June 2019	**926 478**	**270 514**	**1 196 992**
SME loans			
Balances as at 1 July 2018	115 879	-	115 879
Increase/(decrease) in impairment allowance	(94 024)	53 245	(40 779)
Loans written off	-	-	-
Balances as at 30 June 2019	**21 855**	**53 245**	**75 100**
Mortgage loans			
Balances as at 1 July 2018	9 126	-	9 126
Increase/(decrease) in impairment allowance	(9 126)	7 450	(1 676)
Loans written off	-	-	-
Balances as at 30 June 2019	**-**	**7 450**	**7 450**
Total loans			
Balances as at 1 July 2018	125 005	601 319	726 324
Increase/(decrease) in impairment allowance	823 328	267 027	1 090 355
Loans written off	-	(537 137)	(537 137)
Total Balances as at 30 June 2019	**948 333**	**331 209**	**1 279 542**

Loss allowance movement

	12 month Expected Credit losses ZWL$	Lifetime Expected Credit losses ZWL$	Total ZWL$
Loss allowance as at 1 July 2018	142 289	584 035	726 324
Financial assets derecognised during the period	(76 646)	(145 996)	(222 642)
Transfers:			
Transfers from stage 1 to stage 2	(4 432)	27 382	22 952
Transfers from stage 2 to stage 1	18	(1 817)	(1 800)
Transfers from stage 1 to stage 3	(2 323)	182 768	180 444
Transfers from stage 3 to stage 1	-	-	-
Transfers from stage 2 to stage 3	-	53 273	53 273
Transfers from stage 3 to stage 2	-	-	-
Changes in PDs/LGDs/EADs	(42 690)	(72 057)	(114 747)
New financial assets originated	238 090	600 061	838 151
Write offs	(212)	(202 201)	(202 413)
Loss allowance as at 30 June 2019	**254 094**	**1 025 448**	**1 279 542**

Gross carrying amounts of the instruments changed mainly as a result of factors below:

- Increased disbursements of consumer loans resulting in an increase in stage 1 provision.
- Increased lending to the SME sector which resulted in an increase in lifetime expected credit losses.

5.7 Credit risk impact

The table below lists the key risks affecting impairment of loans and advances, along with the anticipated impact on profit or loss should the risk materialise.

	2019 ZWL$	2018 ZWL$
Effect of increase in emergence period by 1 month		
Increase in provision (consumer)	8 184	3 922
Effect of increase in loss ratio by % of portfolio		
Increase in provision by 5% (consumer)	71 646	30 522
Increase in provision by 5% (SME)	(1 666)	3 333

6 OTHER ASSETS

6.1 Financial assets at amortised cost

	2019 ZWL$	2018 ZWL$
Opening balance	1 921 499	-
Disposal/(purchase)	(2 100 000)	1 920 000
Interest charge	178 501	1 499
	-	1 921 499

Financial assets relate to Treasury Bills which accrued coupon interest of 5% per annum and matured on 20 June 2019.

6.2 Other Assets

	2019 ZWL$	2018 ZWL$
Prepayments	1 766 713	371 480
Amount receivable from third parties	-	3 064 219
Deposits	32 507	18 907
Sundry receivables	232 956	47 773
Total	**2 032 176**	**3 502 379**

The amount receivable from third parties was in relation to an amount that was initially a related party balance receivable but was then later assigned to a third party during the prior year ended 30 June 2018. The amount was subsequently settled in the current financial year.

7 TAX RECEIVABLE

	2019 ZWL$	2018 ZWL$
Opening balance	311 487	257 804
Tax charge for the year	(1 685 754)	(1 477 592)
Tax paid during the year	2 106 414	1 531 275
Closing balance	**732 147**	**311 487**

Tax receivable relates to provisional tax payments that were above the actual final tax payable for the period. Tax is paid quarterly based on Quarterly Payment Dates (QPD) based on budgeted profits. The budgeted tax profits have been more than actual profit due to changes in application of tax relating to prepaid expenses that are no longer taxed using cash accounting basis. Tax receivable will be set off against future income taxes.

8 DEFERRED TAX

	2019 ZWL$	2018 ZWL$
Deferred tax liability		
Accelerated capital allowance for tax purposes	(198 313)	(62 943)
EIR adjustment on loan book	-	(91 455)
Prepayments	-	(174 096)
Investment property revaluation	(2 196 511)	-
Total deferred tax liability	(2 394 824)	(328 494)
Deferred tax asset		
Share options	15 008	15 008
EIR adjustment on loan book	782 820	-
Accrued expenses	110 436	60 386
Impairment of loans and advances	329 482	285 442
Net deferred tax asset/(liability)	**(1 157 078)**	**32 342**
Reconciliation of deferred tax asset/(liability)		
At beginning of year	32 342	102 111
Temporary differences recognised in the statement of profit or loss	(1 189 420)	(69 769)
At end of year	**(1 157 078)**	**32 342**

9 INTANGIBLE ASSETS

	2019 ZWL$	2018 ZWL$
Software		
Opening net book amount	88 055	85 782
Additions	174 974	25 643
Amortisation charge	(38 615)	(23 370)
Net book amount	**224 414**	**88 055**
Cost	311 201	136 227
Accumulated amortisation	(86 787)	(48 172)
Net book amount	**224 414**	**88 055**

10 EQUIPMENT

	Furniture and fittings ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	IT equipment ZWL$	Leasehold Improvements ZWL$	Total ZWL$
Year ended 30 June 2018						
Opening net book amount	93 674	56 606	19 559	68 656	6 956	245 451
Additions	11 514	-	4 111	109 745	14 959	140 329
Depreciation charge	(23 941)	(28 479)	(5 929)	(47 639)	(10 430)	(116 418)
Net book amount	**81 247**	**28 127**	**17 741**	**130 762**	**11 485**	**269 362**
Cost	165 869	155 492	42 319	250 618	189 376	803 674
Accumulated depreciation	(84 622)	(127 365)	(24 578)	(119 856)	(177 891)	(534 312)
Net book amount	**81 247**	**28 127**	**17 741**	**130 762**	**11 485**	**269 362**

	Furniture and fittings ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	IT equipment ZWL$	Leasehold Improvements ZWL$	Office Buildings ZWL$	Total ZWL$
Year ended 30 June 2019							
Opening net book amount	81 247	28 127	17 741	130 762	11 485	-	269 362
Additions	56 076	-	821 890	417 952	92 915	17 222	1 406 055
Disposals	-	(20 000)	-	-	-	-	(20 000)
Depreciation charge	(28 655)	(2 643)	(8 891)	(118 122)	(12 341)	(6 078)	(176 730)
Net book amount	**108 668**	**5 484**	**830 740**	**430 592**	**92 059**	**11 144**	**1 478 687**
Cost	221 945	135 492	864 209	668 570	282 291	17 222	2 189 729
Accumulated depreciation	(113 277)	(130 008)	(33 469)	(237 978)	(190 232)	(6 078)	(711 042)
Net book amount	**108 668**	**5 484**	**830 740**	**430 592**	**92 059**	**11 144**	**1 478 687**

11 INVESTMENT PROPERTIES

	2019 ZWL$	2018 ZWL$
Opening balance	539 411	-
Fair value adjustment	8 530 140	-
Additions	3 916 191	539 411
Closing Balance	**12 985 742**	**539 411**

Investment property was valued by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuation Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe "REIZ" standards. The valuation basis is an implicit investment approach for land in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards.

Rental values used for similar properties were based on properties that were not new but the property is forecast to fetch a premium once complete. The rental income used for comparison in the implicit investment approach was based on older properties. Location of the property is an additional unobservable factor as it is in a prime location.

The valuation was performed at a time when the Reserve Bank of Zimbabwe had introduced various Monetary Policy Statements. The policies resulted in the introduction and adoption of the Zimbabwean Dollar as the base currency at year end. This resulted in change from a multi-currency to mono-currency regime. The Reserve Bank of Zimbabwe also established an inter-bank foreign exchange market.

Valuations rely on historical market evidence for calculation inputs. These include transaction prices for comparable properties and rent. Such market evidence does not exist at present to directly calculate Zimbabwean Dollar values. As a result, the valuer conducted the valuation using US$ inputs then converted the US$ value obtained using the inter-bank foreign exchange rate to arrive at Zimbabwe dollar investment property values.

For the performance of a valuation, the key inputs for the valuation of non-residential investment properties are the rent income and the capitalisation rate. No trends for the ZWL rents have yet been established neither is there easily verifiable market evidence of ZWL transactions to enable analysis of the yields. It is unlikely that ZWL rent movements will mirror the activity on the inter-bank foreign exchange market therefore at any point in time, simply taking a direct conversion of US$ property values will likely lead to inaccurate ZWL property values.

12 SHARE CAPITAL

	2019 ZWL$	2018 ZWL$
Authorised		
20 000 000 000 ordinary shares with nominal value of US$0.0000001	2 000	2 000
Issued		
1 093 567 251 ordinary shares with nominal value of US$0.0000001	109	109
Basic earnings	11 394 033	4 548 675
Diluted earnings	11 394 033	4 548 675
Number of shares used to calculate basic and diluted earnings per share	1 093 567 251	1 093 567 251
Earnings per share (cents)	1.04	0.42
Diluted earnings per share (cents)	1.04	0.42
Headline earnings per share	0.54	0.43

Number of shares in issue

A share split of authorised share capital was done on 12 October 2015. 2000 ordinary shares were split into 20 000 000 000 (twenty billion shares). The share split resulted in the issued share capital being 1 000 000 000 shares in October 2015 and following an initial public offering in January 2016 the number of shares in issue increase to 1 093 567 251.

Unissued share capital

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

Share application reserve fund and share premium

Share application reserve represents additional capital paid in by shareholders. Share premium arose from premium paid on ordinary shares for the Initial Public Offer.

Regulatory reserve

The reserve relates to an impairment allowance adjustment that is created in order to match RBZ Regulatory requirements. The reserve is created when the IFRS provision is less than the statutory provision.

Other Reserves

This relates to a reserve used to recognise the value of equity settled share based payment transactions provided to employees as part of their remuneration. Refer to note 28.

Other reserves includes a share application of ZWL$5 007 681 for a rights issue that was subscribed by existing shareholders which is awaiting allotment. The offer was made to all the existing shareholders for 6.36 new ordinary shares for every 100 ordinary shares held (totalling 69 551 126 shares). The rights issue was co-underwritten by GetBucks Limited (Mauritius) and Zahra Investment trust.

The rights offer was still open as at 30 June 2019 and closed on the 19th of July 2019.

13 OTHER FINANCIAL LIABILITIES

	Note	2019 ZWL$	2018 ZWL$
Payroll liabilities		763 355	248 385
Leave pay provision		199 980	161 549
Accounting and audit fees provision		140 154	92 035
Accruals and other liabilities		5 600 230	187 478
Statutory fees		(32 562)	141 172
		6 671 157	**830 619**

Accruals and other liabilities include $5 007 681 which is an intercompany payable due to the parent company, GetBucks Mauritius.

Fair value of other payables

The carrying amounts of other payables are denominated in ZWL$. The gross amounts approximate fair values.

14 DEPOSITS FROM CUSTOMERS

Deposits from customers are primarily composed of amounts payable on demand.

	Note	2019 ZWL$	2018 ZWL$
Individual			
Current accounts		99 504	235 606
Term deposits		-	-
		99 504	235 606
Small and medium enterprises			
Current accounts		2 382 896	1 551 344
Term deposits		371 800	209 588
		2 754 696	1 760 932
Total		**2 854 200**	**1 996 538**
Current (not more than 12 months after reporting period)		2 644 612	1 786 950
Non-current (more than 12 months after reporting period)		209 588	209 588
Total		**2 854 200**	**1 996 538**

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

15 BORROWINGS

	Note	2019 ZWL$	2018 ZWL$
Held at amortised cost			
Medium Term Listed Bonds	15.1	5 865 370	5 597 297
NMB Loan facility	15.2	3 228 143	-
Zimbabwe Agricultural Development Trust	15.3	943 646	475 549
RBZ Facility	15.4	501 083	501 083
Ever Prosperous Promissory note	15.5	13 858 290	5 000 000
		24 396 532	**11 573 929**
Non-current liabilities (more than 12 months after reporting period)			
At amortised cost		2 068 219	6 573 929
Current liabilities (not more than 12 months after reporting period)			
At amortised cost		22 328 313	5 000 000
		24 396 532	**11 573 929**

15.1 Medium Term Listed Bonds

This liability consists of listed medium term bonds that were listed on 26 April 2017. Interest is charged at 11% per annum and paid monthly. The bonds are repayable at various dates up to November 2019.

15.2 NMB Loan facility

This loan is a facility to finance business expansion and was issued on 03 October 2018. The facility is repayable monthly over a three year period to 30 September 2021. Security details of the loan are as follows:

- First mortgage bonds over seven properties with a value of ZWL$246 000;
- Cession of book debts valued at ZWL$5 million;
- Irrevocable letter of undertaking confirming monthly instalments;
- Covenant details of the loan are as follows:
- Insurance of Company's property and assets;
- Portfolio at risk (PAR) < 10%;
- Cost to income ratio < 60%;
- Capital adequacy ratio > 15%;
- No drawdowns are to repay shareholder loans;
- Minimum monthly deposits of ZWL$1.4 million.

15.3 Zimbabwe Agricultural Development Trust

The loan is a facility specifically to finance the agricultural sector which was issued on 26 January 2018 and is repayable on 31 January 2020. Interest is charged at 9.29% and is payable on maturity of the loan. The Company accessed an additional ZWL$500 000 during the financial year and the credit line has a limit of ZWL$2 million.

15.4 RBZ Facility

The loan is a facility specifically issued to finance the agricultural sector on 20 February 2018 and is repayable on 7 March 2020. Interest is charged at 3.5% and is payable monthly. Details of the loan are as follows:

- Cession and pledge of Treasury Bills, or any other bonds as shall be acceptable to the Reserve Bank of Zimbabwe;
- A first ranked mortgage bond over the borrower's immovable property.

15.5 Ever Prosperous Promissory note

The loan is made up of various promissory notes issued to Ever Prosperous Worldwide with details below:

Note	Issue date	Maturity Date	Principal ZWL$	Balance ZWL$
PN02	13 Dec 2018	12 Jun 2020	5 000 000	5 128 333
PN03	15 May 2019	14 Aug 2019	5 000 000	5 040 000
PN04	08 May 2019	8 Aug 2019	1 100 000	1 114 667
PN05	13 may 2019	12 Aug 2019	29 000	290
PN06	10 Jun 2019	9 Aug 2019	2 575 000	2 575 000
			13 704 000	**13 858 290**

Security covenant details are as below:

- ZWL$10 million guarantee from GetBucks Limited Mauritius;
- Irrevocable cession of debtors book by GetBucks Microfinance Bank Limited valued at ZWL$10million;
- Interest rate is at 24% per annum and paid monthly.

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

15 BORROWINGS - continued

	2019 ZWL$	2018 ZWL$
Borrowings movement		
Balance at 1 July	11 573 929	5 514 271
Proceeds	12 605 698	6 107 500
Interest capitalised/(paid)	216 905	(47 842)
Closing balance	24 396 532	11 573 929

16 INTEREST INCOME

	2019 ZWL$	2018 ZWL$
Interest on Consumer Loans	10 130 954	7 593 028
Interest income on SME Loans	2 354 232	1 609 194
	12 485 186	**9 202 222**

17 INTEREST EXPENSE

	2019 ZWL$	2018 ZWL$
Interest on loans and payables	2 458 597	826 034
Interest on deposits	121 675	49 801
	2 580 272	**875 835**

18 FEE AND COMMISSION INCOME

The Company derives revenue from the transfer of services over time and at a point in time in the following major categories:

	Consumer ZWL$	SME ZWL$	Other ZWL$	Total ZWL$
2019				
Fee and commission income	6 917 260	599 509	-	7 516 769
Timing of revenue recognition:				
- At a point in time	6 434 197	333 544	-	6 767 741
- Over time	483 063	265 965	-	749 028
	6 917 260	**599 509**	**-**	**7 516 769**
2018				
Fee and commission income	3 794 234	262 960	-	4 057 194
Timing of revenue recognition:				
- At a point in time	3 638 769	111 224	-	3 749 993
- Over time	155 465	151 736	-	307 201
	3 794 234	262 960	-	4 057 194
Administration fees			7 222 031	3 907 247
Commission on insurance			294 738	149 947
			7 516 769	**4 057 194**

Insurance commission is earned on credit life policies taken by customers and is recognised when the loan is granted. The Company derives income from the transfer of services over time and at a point in time. Administration fees are recognised over time as there is a monthly charge on loans. Commission on insurance is recognised at a point in time as the premium is paid once at inception of loans. The principal source of income is the disbursement of loans. There were no significant contract assets and liabilities related to IFRS 15 (2018: nil).

There was no revenue recognised from performance obligations satisfied in previous periods.

19 OPERATING EXPENSES

	2019 ZWL$	2018 ZWL$
Accommodation	26 170	14 030
Accounting and auditing fees	238 410	75 842
Advertising, marketing and sales expenses	698 983	658 632
Bank charges	150 017	71 675
Collection costs	830 541	597 762
Consulting and professional fees	322 772	146 616
Depreciation (note 10)	176 731	116 418
Amortisation (note 9)	38 615	17 834
Staff costs and directors remuneration	4 489 825	2 536 146
Funding origination costs	219 236	87 528
Lease rentals on operating lease	291 607	178 346
License fees	157 504	99 152
Management fees	657 248	936 100
Repairs and maintenance	120 535	48 490
Postage and courier	8 539	6 997
Printing and stationery	231 316	84 698
Staff welfare and refreshments	232 983	66 002
Telephone and fax	196 552	99 047
Travel	257 540	96 101
Insurance expenses	52 042	37 540
Loss on foreign exchange	991 639	-
Other expenses	203 456	139 782
	10 592 261	**6 114 738**

20 TAXATION EXPENSE

	2019 ZWL$	2018 ZWL$
Major components of the tax expense		
Current		
Local income tax - current period	1 685 754	1 451 685
Deferred		
Deferred tax (note 8)	1 189 420	69 769
	2 875 174	1 521 454
Reconciliation between accounting profit and tax expense:		
Accounting profit before tax	14 269 208	6 070 129
Tax at the applicable tax rate of 25.75% (2018 : 25.75%)	3 674 321	1 563 058
Tax effect of adjustments on taxable income		
Tax effect of expenses that are not deductible in determining taxable profit :		
Donations	6 864	7 515
Entertainment	468	200
Movement in provisions	(50 050)	-
Adjustments related to prior periods	(174 096)	(20 002)
Difference between effective and simple interest	(782 820)	-
Allowance for impairment losses	195 386	-
Other	5 101	(29 317)
	2 875 174	1 521 454

21 AUDITORS' REMUNERATION

	2019 ZWL$	2018 ZWL$
Fees	195 958	69 163
Tax and secretarial services	42 452	6 679
	238 410	75 842

22 CASH GENERATED FROM/(USED IN) OPERATIONS

	2019 ZWL$	2018 ZWL$
Profit before income tax	14 269 207	6 070 129
Adjustments for:		
Depreciation and amortisation	215 346	139 787
Fair value adjustments	(8 530 140)	-
Profit on disposal of non current assets	(9 821)	-
Net impairment	758 781	(301 177)
Interest received	(178 501)	(9 352 706)
Interest expense	2 580 272	875 835
Share based payment	-	16 088
Changes in working capital:		
Loans and advances to customers	(27 894 184)	(6 555 852)
Other assets	1 278 865	(87 381)
Increase in deposits from customers	857 662	465 114
Other financial liabilities	5 840 539	(671 891)
	(10 811 974)	**(9 402 054)**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2019 ZWL$	2018 ZWL$
Cash and cash equivalents	8 034 745	3 127 535
Borrowings - repayable within one year	(2 068 219)	(6 573 929)
Borrowings - repayable after one year	(22 328 313)	(5 000 000)
Net debt	**(16 361 787)**	**(8 446 394)**

	Cash at bank including bank overdraft ZWL$	Borrowings ZWL$	Total ZWL$
Net debt as at 1 July 2017	**2 890 378**	**(5 514 271)**	**(2 623 893)**
Cashflows (based on total amounts per Statement of Cash flows)	237 157	(6 059 658)	(5 822 501)
Net debt as at 30 June 2018	**3 127 535**	**(11 573 929)**	**(8 446 394)**
Cashflows (based on total amounts per Statement of Cash flows)	4 907 210	(12 822 603)	(7 915 393)
Net debt as at 30 June 2019	**8 034 745**	**(24 396 532)**	**(16 361 787)**

23 TAX PAID

	2019 ZWL$	2018 ZWL$
Balance at beginning of the year	311 487	231 897
Current tax for the year recognised in profit or loss (note 20)	(1 685 754)	(1 451 685)
Balance at end of the year	(732 147)	(311 487)
	(2 106 414)	**(1 531 275)**

24 AMOUNTS DUE FROM/(TO) RELATED PARTY LOANS

	2019 ZWL$	2018 ZWL$
Loans to shareholders		
Opening balance	-	3 051 768
Payments to shareholders	-	-
Settlement by shareholders	-	(3 662 364)
Interest charge	-	610 596
Amount due from shareholders	-	-
Staff loans		
Opening balance	696 762	522 744
Disbursements	41 503	74 409
Interest charge	100 774	99 609
Amount due from shareholders	839 039	696 762

25 OPERATING LEASES

	2019 ZWL$	2018 ZWL$
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	241 668	137 550
- within one to five years	31 200	15 180

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

26 OPERATING SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Executive Committee (chief operating decision maker) which is responsible for allocating resources to the reportable segments and assesses its performance. The consumer loans and SME segments are the only operating segments that meet the definition of a reportable segment. The consumer loans and SME segments have been identified on the basis of their contribution to total assets of the operating segments. All revenue is derived from customers in Zimbabwe. The consumer loan segment offers payroll based loans to employed individuals whereas the SME department offers loans to small and medium enterprises. There are no clients that account for more than 10% of revenue. There are no transactions between segments.

30 June 2019	Consumer ZWL$	SME ZWL$	Other ZWL$	Total ZWL$
Third party income	16 504 258	2 953 741	543 956	20 001 955
Impairment losses on loans and advances	(402 589)	(266 889)	(9 126)	(678 604)
Net operating income	**16 101 669**	**2 686 852**	**534 830**	**19 323 351**
Interest income	9 765 499	2 354 232	365 455	12 485 186
Interest expense	(2 129 066)	(381 036)	(70 171)	(2 580 273)
Net interest income	**7 636 433**	**1 973 196**	**295 284**	**9 904 913**
Fee and commission Income	6 917 260	599 509	-	7 516 769
Total net income	**14 553 693**	**2 572 705**	**295 284**	**17 421 682**
Depreciation and amortisation	(177 689)	(31 801)	(5 856)	(215 346)
Other income / (expenses)	(2 602 021)	(433 734)	98 625	(2 937 130)
Segment profit before tax	11 773 983	2 107 171	388 053	14 269 207
Income tax expense	(2 372 399)	(424 584)	(78 191)	(2 875 174)
Profit for the year	**9 401 584**	**1 682 587**	**309 862**	**11 394 033**

30 June 2018	Consumer ZWL$	SME ZWL$	Other ZWL$	Total ZWL$
Third party income	10 520 659	1 872 154	866 603	13 259 416
Impairment losses on loans and advances	(37 227)	(112 340)	(49 147)	(198 714)
Net operating income	**10 483 432**	**1 759 814**	**817 456**	**13 060 702**
Interest income	7 593 028	1 609 194	865 104	10 067 326
Interest expense	(694 930)	(123 663)	(57 242)	(875 835)
Net interest income	**6 898 098**	**1 485 531**	**807 862**	**9 191 491**
Fee and commission Income	3 794 234	262 960	-	4 057 194
Total net income	**10 692 332**	**1 748 491**	**807 862**	**13 248 685**
Depreciation and amortisation	(106 522)	(18 956)	(8 774)	(134 252)
Other income / (expenses)	(5 769 478)	(872 467)	(402 359)	(7 044 304)
Segment profit before tax	4 816 333	857 068	396 728	6 070 129
Income tax expense	(1 207 195)	(214 821)	(99 438)	(1 521 454)
Profit for the Year	**3 609 138**	**642 247**	**297 290**	**4 548 675**

27 RELATED PARTIES

27.1 Relationships

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

	2019 ZWL$	2018 ZWL$
27.2 Related party balances		
Related party receivables		
GetBucks Limited (Mauritius)	-	44 836
Related party payables		
GetBucks Limited (Mauritius)	5 007 681	-
VSS Financial Services (Proprietary) Limited (South Africa)	-	(143 286)
Related party deposits		
GetBucks Limited (Mauritius)	(536 710)	-
27.3 Related party transactions		
Management fees paid to related parties		
GetBucks Limited (Mauritius)	657 248	936 100
Marketing expenses paid to related parties		
VSS Financial Services (Proprietary) Limited (South Africa)	-	15 624

Management fees are paid monthly. The fees relate to costs incurred for systems used in ending, collections and core banking infrastructure as well as ongoing management support from the group.

27.4 Key management personnel compensation

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

Executive Directors are not paid board sitting fees.

	2019 ZWL$	2018 ZWL$
Short term employment benefits	1 043 812	680 322
Post employment benefits	69 045	12 948
Termination benefits	11 346	3 518
	1 124 203	**696 788**

28 EMPLOYEE BENEFITS

Pension Fund

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

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

	2019 ZWL$	2018 ZWL$
Pension expense	108 819	32 517
NSSA expense	22 618	12 152
	131 437	**44 669**

b) During the period ended 30 June 2016, Mybucks S.A. granted employees the following equity settled share-based payment arrangements:

Performance based employee share option plan

Date share option plan was adopted	1 May 2017	1 May 2018	1 May 2019	Total
Number of options granted	6 000	4 500	4 500	15 000
Contractual life	5 Years	5 Years	5 Years	-
Exercisable until	30 April 2021	30 April 2021	30 April 2021	-
Vesting date	30 April 2017	30 April 2017	30 April 2017	-
Total number of options granted				15 000

c) The estimated fair value of each share option granted in the performance based share option plan is EUR 3.6263. This was calculated by applying the Black Scholes Model. The model inputs were the share value of EUR 10.13 at grant date, the exercise price of EUR 9.00, the expected volatility of 37%, no expected dividends, a contractual life of five years and a risk-free interest rate of -0.29%.

Further details of the option plans are as follows:

	30 June 2019	30 June 2018
Outstanding at start of year		
Granted	15 000	15 000
Forfeited	-	-
Exercised	-	-
Outstanding at end of year	**15 000**	**15 000**
Exercisable at end of year	10 500	10 500
Effect on profit and loss	16 088	16 088

GetBucks
Microfinance Bank

Getbucks Microfinance Bank Limited Audited Condensed Financial Statements
for the year ended 30 June 2019

Notes to the Financial Statements (continued)
For the year ended 30 June 2019

29 DIRECTORS' EMOLUMENTS

	2019 ZWL$	2018 ZWL$
No emoluments or board sitting fees were paid to the executive directors during the year.		
Non-executive		
Directors' fees for services as directors	88 467	82 000

30 RISK MANAGEMENT

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

30.1 Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers. For risk management purposes, the Company considers and consolidates all elements of credit risk exposure such as individual obligor default employer and default risk. Credit risk and exposure to loss are inherent parts of the Company's business stemming from cash and cash equivalents (note 4) and loans and advances to customers (note 5).

The provision of unsecured loans to individuals and business is the main activity of the Company, hence exposure to credit risk and its management are key considerations of the business. Customer credit risk is mitigated by the utilisation of payroll collection models for unsecured individual loans which ensures that the loans are collectable during their tenure, and collateral security for SME and mortgage loans.

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

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

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

The Company also has a Board Credit and Loans Review committees chaired by non-executive directors to monitor the risk using information prepared by management as detailed in this note 30.1 and recommending corrective action to management where necessary. This committee meets quarterly and reports to the Board of Directors.

The Company mainly provides loans to gainfully employed individuals that work for companies and mostly the public service that have concluded a deduction agreement. In terms of the agreement the employer deducts loan instalments from customers' salaries based on pre-agreed terms. This mitigates the risk of default on consumer loans.

Credit policies, procedures and limits
The Company has sound and well-defined policies, procedures and limits which are reviewed and approved by the Board of Directors and strictly implemented by management. Credit risk limits include delegated approval and write-off limits for management and Board Credit Committee, individual account limits and concentration. During the year the minimum loan granted and limits were ZWL$50 (2018:ZWL$50) and the maximum was ZWL$1 600 000 (2018: ZWL$1 000 000) for up to 120 months (2018:120 months).

To ensure that the Company only lends to credit worthy customers, before loans are disbursed, checks are conducted to verify identity, employment status and affordability of loan products being applied for. Where possible external credit checks are conducted. Similar checks are conducted for SME's and where deemed necessary collateral or credit insurance is obtained to mitigate risk of default.

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

Collateral held for exposure
An estimate of the fair value of collateral and other credit enhancements held against loans and advances to customers are shown below based on their collateral types :-

Collateral types

	Segment	2019 ZWL$	2018 ZWL$
Mortgage Bonds	SME	21 463 124	7 924 896
Mortgage Bonds	Mortgages	1 351 479	1 047 600
Cession of book debts	SME	1 975 000	2 276 693
Guarantees	SME	2 705 420	-
Notarial Specific Covering bonds (NSCB)	SME	2 803 283	158 550
Pledge of listed shares	SME	440 000	-
Value of collateral		**30 738 306**	**11 407 739**

The collateral above is solely for the SME and mortgage segments. The gross carrying amount of assets the ZWL$30 738 306 collateral covers is ZWL$14 614 627. This implies 2.1 times cover. There is no collateral for the consumer segment. None of the collateral was sold or repledged. The Company has an obligation to return it once respective loans have been settled.

Maximum exposure to credit risk without taking into account collateral
Collateral comprises cession of book debts amounting to ZWL$1 975 000 (2018:ZWL$2 276 693) , Guarantees amounting ZWL$2 705 420 (2018:Nil) and Mortgage bonds of ZWL$21 463 124 (2018:ZWL$7 082 146) on SME loans that amount to ZWL$13 439 371 (2018:ZWL$8 319 354) and ZWL$1 351 479 (2018:ZWL$2 048 900) Mortgage bonds for Mortgages of ZWL$1 193 243. Credit risk on uncollateralised loans is managed by lending to SME's with verified receivables and also using credit insurance policies.

Customer credit risk is mitigated by the utilisation of payroll collection models.

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

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

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Company has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. There were no renegotiated loans and advances to customers during the year (2018: nil).

Allowances for impairment
The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

30 RISK MANAGEMENT (CONTINUED)

30.1 Credit risk (continued)

Incorporation of forward looking information in ECL measurement

Significant increase in credit risk "SICR"

In accordance with IFRS 9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR is determined for portfolios of exposures with similar credit risk and are tracked over time to determine deterioration relative to the originated population and consequently reflect an increase in credit risk. Determination of SICR was based on the rebuttable presumption that when contractual payments are more than 30 days past due there would be SICR. If a loan is 90 days past due it would be credit impaired.

-The assessment of SICR and the calculation of ECL do not incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk. These economic variables and their associated and expected credit losses for each portfolio.

The Company's forward looking information in its ECL measurement considered the following:

The model did not use forward looking information in its ECL measurement as forecasts were beyond any reasonable stress test or worst case scenario. As a result, the model reverted to through the cycle ("TTC") estimates based on historic default patterns on the book to project future defaults. The current model therefore does not incorporate macroeconomic forecasts and, as a result, there are no sensitivity analyses on macroeconomic factors. The model will be reviewed every 3 months and once macroeconomic factors reflect forecasts forward looking information will be used. As there was no forward looking information used there are no sensitivities.

Other considerations to provisioning policy
The Company considers the provisioning requirements as set out in the Banking Regulations 2000 in order to align its policies to Company accounting policies, and the provisions of International Financial Reporting Standard ("IFRS") 9 - "Financial instruments" and makes the most prudent provision for its loans and advances based on the two methods. Where the regulatory provisions are higher than those required by the IFRS 9 expected credit losses, the excess is treated as an appropriation to a reserve.

Impairment and provisioning policies
In measuring credit risk of loans and advances the Bank reflects three components;
(i) the probability of default by the client or counterparty on its contractual obligations (PD);
(ii) current exposures to the counterparty (EAD); and
(iii) the likely loss in the event of a default (LGD).
Internal estimate of PDs and LGDs are based on model scores and observed historical data.
The entity does not take into account forward looking information as the model was conduced based on Through the Cycle ("TTC").

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

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

The emergence period is defined as the time lapse between the occurrence of a trigger event (unidentified event) and the impairment being identified at an individual account level (identified impairment) Unidentified impairment = Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD).

Identified impairment
Consumer loan identified impairment is triggered when a contractual payment is missed. The impairment is calculated as PD x LGD x EAD. Higher PDs are applied to those customers who have missed more contractual payments.

SME identified impairment is calculated on an individual basis and is the difference between outstanding balance and present value of future cash flows including value of any collateral. In identifying impairment the Company takes into account many factors including period of default and reasons for default.

Credit Risk Concentration

	Total ZWL$	Past due/ impaired ZWL$	Write offs ZWL$	Impairment allowance ZWL$
As at 30 June 2019				
Retail	10 963 186	1 672 598	47 244	**598 655**
Consumer	24 975 436	735 799	253 968	**658 759**
Construction	1 079 830	-	-	**-**
Agriculture	1 453 469	670 655	-	**22 128**
	38 471 921	**3 079 052**	**301 212**	**1 279 542**
As at 30 June 2018				
Retail	3 788 854	1 526 405	47 244	**392 467**
Consumer	14 513 903	608 593	452 647	**311 729**
Construction	1 422 927	-	-	**-**
Agriculture	2 631 611	670 655	-	**22 128**
	22 357 295	**2 805 653**	**499 891**	**726 324**

Also refer to note 5.3 for concentration information on loans.

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

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

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

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

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

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

30 RISK MANAGEMENT (CONTINUED)

30.2 Liquidity risk (continued)

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

Liquidity profiling 30 June 2019

	0-1 month ZWL$	1-3 months ZWL$	3-6 months ZWL$	6-12 months ZWL$	1-5 years ZWL$	Total ZWL$
Assets						
Cash and cash equivalents	7 897 940	-	-	-	-	7 897 940
Loan book	4 390 409	8 591 955	11 179 905	16 247 542	20 191 075	60 600 886
Other receivables	336 456	-	-	-	-	336 456
	12 624 805	8 591 955	11 179 905	16 247 542	20 191 075	68 835 282
Liabilities						
Financial borrowings	429 873	9 417 762	6 213 995	5 921 508	3 737 832	25 720 970
Deposits from customers	-	2 644 613	-	-	209 588	2 854 201
Trade payables	2 068 156	-	-	-	-	2 068 156
	2 498 029	12 062 375	6 213 995	5 921 508	3 947 420	30 643 327
Asset and liability gap	**10 126 776**	**(3 470 420)**	**4 965 910**	**10 326 034**	**16 243 655**	**38 191 955**
Cumulative gap	**10 126 776**	**6 656 356**	**11 622 266**	**21 948 300**	**38 191 955**	**-**

Liquidity profiling 30 June 2018

	0-1 month ZWL$	1-3 months ZWL$	3-6 months ZWL$	6-12 months ZWL$	1-5 years ZWL$	Total ZWL$
Assets						
Cash and cash equivalents	3 127 535	-	-	-	-	3 127 535
Loan book	3 813 495	5 832 366	7 549 251	12 513 673	9 091 243	38 800 028
Other receivables	3 111 993	-	-	1 921 499	-	5 033 492
	10 053 023	5 832 366	7 549 251	14 435 172	9 091 243	46 961 055
Liabilities						
Financial borrowings	126 203	248 381	415 627	5 619 390	6 827 851	13 237 452
Deposits from customers	1 424 145	262 802	-	162 927	372 150	2 222 024
Trade payables	2 068 156	-	-	-	-	2 068 156
	3 618 504	511 183	415 627	5 782 317	7 200 001	17 527 632
Asset and liability gap	**6 434 519**	**5 321 183**	**7 133 624**	**8 652 855**	**1 891 242**	**29 433 423**
Cumulative gap	**6 434 519**	**11 755 702**	**18 889 326**	**27 542 181**	**29 433 423**	**-**

The asset and liability gap is negative for the 1-3 month bracket and will be managed through utilisation of the cumulative positive position and change of maturities.

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

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

Interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

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

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

	2019 ZWL$	2018 ZWL$
Fixed interest bearing assets	37 192 380	21 630 971
Fixed interest bearing borrowings	24 396 532	11 573 929

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

Scenario analysis of net interest income
The Company's loan book is affected by interest rate movements on net interest income. The desired interest rate risk profile is achieved through effective management of the statement of financial position composition. When analysing the impact of a shift in the yield curve on the Company's interest income, the Company recognizes that the sensitivity of changes in the interest rate environment varies by asset and liability class. Scenarios are defined by the magnitude of the yield curve shift assumed. Analysis of the various scenarios is then conducted to give an appreciation of the distribution of future net interest income and economic value of equity as well as their respective expected values.

	30 June 2019 ZWL$	Effect on profit before tax 30 June 2019 ZWL$	30 June 2018 ZWL$	Effect on profit before tax 30 June 2018 ZWL$
Interest rate change				
1% increase/ decrease				
Assets	37 192 380	124 852	21 630 971	92 022
Liabilities	(24 396 532)	(25 803)	11 573 929	(8 758)
Net effect		**99 049**		**83 264**

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

30 RISK MANAGEMENT (CONTINUED)

30.3 Market risk (continued)

The table below shows the interest rate repricing gap analysis;

Interest rate repricing gap analysis

	Up to 3 months ZWL$	3 months - 1 year ZWL$	Over 1 year ZWL$	Total ZWL$
As at 30 June 2019				
Assets				
Cash and cash equivalents	8 034 745	-	-	8 034 745
Loans and advances to customers	8 330 510	19 189 787	6 811 109	34 331 406
	16 365 255	19 189 787	6 811 109	42 366 151
Liabilities				
Deposits from customers	2 644 613	-	209 588	2 854 201
Borrowings	9 847 635	12 135 503	3 737 833	25 720 971
	12 492 248	12 135 503	3 947 421	28 575 172
Interest rate repricing gap	**3 873 007**	**7 054 284**	**2 863 688**	**13 790 979**
Cumulative gap	**3 873 007**	**10 927 291**	**13 790 979**	**-**
As at 30 June 2018				
Assets				
Cash and cash equivalents	3 127 535	-	-	3 127 535
Loans and advances to customers	9 665 877	12 259 490	1 292 514	23 217 881
	12 793 412	12 259 490	1 292 514	26 345 416
Liabilities				
Deposits from customers	1 686 947	162 927	372 150	2 222 024
Borrowings	374 584	6 035 017	6 827 851	13 237 452
	2 061 531	6 197 944	7 200 001	15 459 476
Interest rate repricing gap	**10 731 881**	**6 061 546**	**(5 907 487)**	**10 885 940**
Cumulative gap	**10 731 881**	**16 793 427**	**10 885 940**	**-**

30.4 Foreign currency risk

The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Foreign Exchange risk arises from having transactions and balances denominated in currencies that are not the functional and presentation currency, the 'ZWL Dollar'. The bank does not use hedge instruments to manage foreign currency exchange risk.

The table below summarises the Company's exposure to foreign currency exchange rate risk as at 30 June 2019. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency:

	ZWL$
As at 30 June 2019	
Assets	
Cash and cash equivalents	501 904
Net exposure on statement of financial position	**501 904**

Foreign exchange risk sensitivity analysis

At 30 June 2019, if foreign exchange rates at that date had been 10 percent lower with all other variables held constant, profit and reserves for the year would have been ZWL$50 190 (2018:ZWL$Nil) lower. If foreign exchange rates had been 10 percent higher, with all other variables held constant, profit and reserves would have been ZWL$50 190 (ZWL$Nil) higher.

30.5 Capital risk management

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

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

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

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

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

The shareholders' equity for the Company at year end of ZWL$32 609 005, was in compliance with the RBZ's minimum capital requirement of ZWL$5 000 000 by 31 December 2020.

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

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

30 RISK MANAGEMENT (CONTINUED)

30.5 Capital risk management (continued)

	2019 ZWL$	2018 ZWL$
Total borrowings		
Other financial borrowings	24 396 532	11 573 929
	24 396 532	11 573 929
Less: cash and cash equivalents	8 034 745	3 127 535
Net debt	16 361 787	8 446 394
Total equity	27 601 324	17 021 955
Total capital	43 963 111	25 468 349
Gearing ratio	**37%**	**33%**

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

- **Tier 1 Capital:** comprises contributed capital, accumulated profits, capital reserves (comprising share premium and share allocation reserves)
- **Tier 2 Capital:** comprises impairment allowance
- **Tier 3 Capital:**

	30 June 2019 ZWL$	30 June 2018 ZWL$
Capital adequacy		
Share capital	109	109
Share premium	2 883 628	2 883 628
Share application reserve	999 900	999 900
Accumulated profits	23 597 552	12 697 847
Other reserves	1 120 035	440 471
	28 601 224	17 021 955
Add: deductions		
Insider loans	88 000	-
Encumbered assets (Bank facility)	3 322 017	-
Total core capital	32 011 241	17 021 955
Supplementary capital		
General provisions	473 680	610 445
Core capital plus supplementary	32 484 921	17 632 400
Net capital base	32 484 921	17 632 400
Risk weighted assets	63 856 887	49 500 940
Tier 1 Ratio	50%	85%
Tier 2 Ratio	51%	36%
Capital adequacy ratio	51%	36%

Credit risk capital

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

Market risk capital

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

Operational risk capital

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

Total capital

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

31 COMPARATIVE FIGURES

Where necessary, the comparative figures have been reclassified to conform to current year presentation in order to present the business more appropriately.

There has not been any restatement or reclassification of comparative figures with the exception of those required under IFRS 9 transition arrangements. These have been detailed in note 2.17.

32 FAIR VALUE OF ASSETS AND LIABILITIES

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

Quoted market prices - level 1

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

Valuation technique using observable inputs - level 2

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

Valuation technique using significant and unobservable inputs - level 3

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

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The fair value of loans advanced to customers, lines of credit and amounts due to group companies approximate the carrying amount due to the short term nature of the financial assets and liabilities.

32 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Fair Value Heirachy

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	30 June 2019 ZWL$
As at 30 June 2019				
Loans and advances to customers and shareholders	-	-	37 192 380	37 192 380
Financial assets at amortised cost	-	-	-	-
Investment property	-	-	12 985 742	12 985 742
Other assets	-	-	2 032 176	2 032 176
Total	**-**	**-**	**52 210 298**	**52 210 298**
Other financial liabilities	-	-	6 671 157	6 671 157
Deposits from customers	-	-	2 854 200	2 854 200
Borrowings	-	-	24 396 532	24 396 532
Total	**-**	**-**	**33 921 889**	**33 921 889**

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	30 June 2018 ZWL$
As at 30 June 2018				
Loans and advances to customers and shareholders	-	-	21 630 971	21 630 971
Financial assets at amortised cost	-	-	1 921 499	1 921 499
Investment property	-	-	539 411	539 411
Other assets	-	-	3 502 379	3 502 379
Total	**-**	**-**	**27 594 260**	**27 594 260**
Other financial liabilities	-	-	830 619	830 619
Deposits from customers	-	-	1 996 538	1 996 538
Borrowings	-	-	11 573 929	11 573 929
Total	**-**	**-**	**14 401 086**	**14 401 086**

The fair values of other financial liabilities are based on cash flows discounted using rates based on the borrowing rate at which a third party would be lending. For loans from financial institutions, the rate charged by these institutions has been applied to calculate their fair value. These loans are within level 3 of the hierarchy as the discount rates which take into account the Company's credit risk are not based on obtainable market data due to the absence of such data. All assets and liabilities in the table above, with the exception of investment property, are recorded at amortised cost. The fair value inputs for investment property have been disclosed in note 3.3.

Sensitivity analysis

Sensitivity analysis is performed on valuation of investment property with significant unobservable inputs (level 3) to generate a range of reasonable alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods. The valuation techniques and sensitivity analysis for investment classified in level 3 are described below:

Observability

Since each property is unique in nature, valuation inputs are largely unobservable. There are inter-relationships between unobservable inputs. Increases or decreases in construction costs that enhance the property's features may result in an increase in future rental values and/or replacement costs.

	30 June 2019 ZWL$	30 June 2018 ZWL$
Change in land value per square meter (sales comparison):		
5% change in replacement cost per square meter	649 287	26 971
Change in rentals per per square meter (Implicit Investment Approach): 5% change in rentals per square meter	638 321	-
Investment properties in prior year represented only land and hence rentals were not applicable		
Change in the yield earned (Implicit investment approach): 1% change in yield earned on the investment properties	1 298 574	53 941

Unobservable inputs for the other financial assets and liabilities are derived from the specific contractual terms.

33 BORROWING POWERS

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

34 CONTINGENT LIABILITIES

There were no contingent liabilities as at as at 30 June 2019 (30 June 2018: ZWL$Nil).

35 CAPITAL COMMITMENTS

There were no authorised and contracted or authorised but uncontracted capital expenditure as at 30 June 2019. (30 June 2018: ZWL$Nil)

36 EVENTS AFTER THE REPORTING DATE

36.1 Renounceable rights offer

On 26 June 2019 the Company opened a rights issue for 69 551 126 ordinary shares at a subscription price of ZWL$0.072 per share to registered shareholders in the ratio of 6.36 new ordinary shares for every 100 ordinary shares held in the issued share capital of the Company. The rights issue closed on 19 July 2019. The additional shares allotted are not included in the ordinary share capital in note 12.

36.2 Ever Prosperous promissory notes

The Ever Prosperous promissory notes payable in August 2019 were treated as follows:-

Note	Issue date	Maturity Date	Action	Action Date	Principle ZWL$
PN03	15 May 2019	14 Aug 2019	Rolled Over	30 Aug 2020	5 000 000
PN04	08 May 2019	8 Aug 2019	Paid	23 Aug 2019	1 100 000
PN05	13 May 2019	12 Aug 2019	Paid	06 Jul 2019	29 000
PN06	10 Jun 2019	9 Aug 2019	Paid	23 Aug 2019	2 575 000
					8 704 000

36.3 Hyperinflation

The annual inflation rate for Zimbabwe was 175.66% in June 2019. Subsequent to year end, the Government of Zimbabwe suspended publication of inflation figures until February 2020 in order to enable the Zimbabwe Statistics Agency ("Zimstat") to collect more data for comparison with price statistics on a like-for-like basis. The Public Accountants and Auditors Board ("PAAB") released a pronouncement on 11 October 2019 declaring that there was broad market consensus within the accounting and auditing profession that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard ("IAS 29") in Zimbabwe had been met with effect from July 1, 2019.

pwc

Independent auditor's report

To the Shareholders of GetBucks Microfinance Bank Limited

Our Adverse opinion

In our opinion, because of the significance of the matter discussed in the Basis for adverse opinion section of our report, the financial statements do not present fairly the financial position of GetBucks Microfinance Bank Limited (the "Company") as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

GetBucks Microfinance Bank Limited's financial statements set out on pages 10 to 47 comprise:

- statement of financial position as at 30 June 2019;
- statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

As explained in note 3.1 to the financial statements, the functional and presentation currency changed during the year from the United States of America Dollar ("US$") to the Zimbabwean Dollar ("ZWL") effective 22 February 2019 .

During the year ended 30 June 2019, the Company transacted using a combination of the Zimbabwean Dollar, RTGS Dollar, Nostro FCAs and RTGS FCA, mobile money and Bond notes and coins. In terms of International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates ("IAS 21"), these payment methods would have been considered to be separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Company at an appropriate exchange rate. However, due to the government policies, the financial statements reflect these transactions and balances at parity between 1 October 2018 and 22 February 2019. Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying financial statements would have been materially restated.

We believe that events in the market and promulgation of the ZWL as a formal currency support that there was a change in functional currency from the US$ to ZWL and that transactions in the market indicated a different rate between the currencies despite the legal 1ZWL:1US$ exchange rate. The financial statements have been prepared on the basis that ZWL is the Company's functional currency. In applying ZWL as the presentation currency, management did not apply this change retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and to transactions recorded during the period 1 October 2018 and 22 February 2019.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview

Overall materiality:
ZWL286 953, which represents 5% of adjusted profit before tax.

Key audit matters:

- Expected credit loss assessment for loans and advances to customers
- Hyperinflation accounting considerations

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
P O Box 453, Harare, Zimbabwe
T: +263 (242) 338362-8, F: +263 (4) 338395, www.pwc.com

T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

pwc

Independent auditor's report (continued)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	ZWL286 953
How we determined it	5% of adjusted profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax, as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and is a generally accepted benchmark We have adjusted the profit before tax for fair value increases to investment properties, as these were impacted by the changes in functional currency during the year, which resulted in fluctuations to profit before tax. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for adverse opinion section, we determined the matters described below to be key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss assessment for loans and advances to customers The Company has adopted IFRS 9-Financial Instruments (IFRS 9) for the first time, from 1 July 2018. IFRS 9 requires the recognition of expected credit losses (ECL) on all financial assets within the scope of its impairment model, which includes loans and advances to customers. As at 30 June 2019, gross loans and advances to customers comprising of consumer loans, SME loans and mortgage loans amounted to ZWL37,192,379 against which an impairment allowance of ZWL1,279,542 was recognised. Refer to Note 5 to the financial statements. The ECL assessment of loans and advances was considered to be a matter of most significance to our audit due to the following: • loans and advances to customers are material to the financial statements, • the level of subjective judgement applied by management in determining the ECL on loans and advances to customers, and • the effect that ECL has on the impairment of loans and advances to customers and the Company's credit risk management. The specific areas of significant management judgement within the ECL calculations include: • the assumptions and methodologies applied to estimate the probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD'); • the assessment of whether there has been a Significant Increase in Credit Risk ('SICR') since origination date of the exposure to the reporting date (i.e. a trigger event that will cause a deterioration in credit risk and result in migration of the loan from Stage 1 to Stage 2); • the incorporation of forward looking information and macro-economic inputs into SICR;	We obtained an understanding of management's process for determining the ECL allowance for loans and advances to customers. We evaluated the design and implementation of controls that management implemented in order to determine the ECL allowance. We verified securities in place by inspecting customer files for surety bonds registered in favour of the entity. We assessed the values of these securities by reference to the reasonableness of the valuation reports supplied by independent valuers. No inconsistencies were noted. We obtained management's ECL calculation for the current year and performed, amongst others, the following procedures to evaluate the reasonableness of the allowance: • we utilized our actuarial expertise in assessing the reasonableness of the models used by the directors to develop the estimate. In performing the assessment, the expert considered the appropriateness of significant assumptions, including the LGD, PD, evaluation of the Effective Interest Rate ("EIR") utilised to discount future expected cash flows and the curing of defaulted debt to fully performing. We found the assumptions used by management to be reasonable when compared with historical data; • we performed an IFRS 9 ECL gap analysis by reviewing and comparing the IFRS 9 ECL impairment methodologies documented by the directors against the principles and requirements as defined within the IFRS 9 standard. We found that the methodology met the requirements of IFRS 9; • we assessed the Company's adherence to its accounting policies and to the regulatory requirements on impairment of loans and advances to customers by testing the inputs to the computation and recalculating the impairment provision in line with the policy. No instances of non-compliance with accounting policy and regulatory requirements relating to ECL determination were noted; and • we assessed the level of collections made subsequent to year end and noted that they were consistent with management's expectations and had no significant impact on the year end impairment allowance balance. We assessed appropriateness of disclosures made in relation to the ECL and concluded that they are consistent with IFRS.

pwc

Independent auditor's report (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss assessment for loans and advances to customers (continued) The specific areas of significant management judgement within the ECL calculations include: (continued) • the assumptions used for estimating the recoverable amounts (including collateral) and timing of future cash flows, particularly for stage 3 loans; and • the determination of the write-off point and curing. Disclosure is provided in the following notes to the financial statements: note 3.2 (Critical accounting estimates and judgements), note 5.6 (Impairment loss on loans and advances) and note 30.1 (Credit risk).	
Hyperinflation accounting considerations The inflation rate in Zimbabwe increased from 31% in October 2018 to 175.66% as at 30 June 2019. The inflation trend brings to question whether the Zimbabwean market is now in a hyperinflationary state and whether the financial statements of the entity should be prepared in accordance with IAS 29. The directors have considered the effects of inflation in Zimbabwe on the Company's financial statements, with specific reference to IAS 29, Financial Reporting in Hyperinflationary Economies ("IAS 29"). As disclosed in note 3.4, the directors have not applied the principles of IAS 29 in the preparation of the financial statements. The standard does not prescribe when hyperinflation is deemed to arise, but provides a range of indicators. It is therefore, a matter of judgement about the indicators of hyperinflation including where the general population prefers to keep its wealth, how interest rates, wages and prices move and their linkage to price index and the prices which sales and purchases on credit take place. Subsequent to June 2019 Zimbabwe suspended the calculation and publication of annual inflation rates until February 2020 in order to rebase consumer price indexes after the introduction of the new functional currency. This made the assessment of whether Zimbabwe is in a state of hyperinflation more difficult. Due to the significant judgement required to determine when the restatement of financial statements in accordance with IAS 29 is required, this was considered to be a matter of most significance to our audit.	We assessed the characteristics of the economic environment in Zimbabwe by reference to the indicators in IAS 29, including: • where the general population prefers to keep its wealth; • whether the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency; • whether sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short; • interest rates, wages and prices are linked to a price index; • the cumulative inflation rate over three years is approaching, or exceeds, 100%; • other characteristics that may indicate that an economy is hyperinflationary including hoarding of basic goods by the general population because of rising prices, which may result in the eventual scarcity of those goods, deterioration of consumers' financial situation which can lead to bankruptcy; and entities in the economy reporting increases in revenue and profit with a decline in trade volumes. The following are some of the factors considered when assessing management's determination that the principles of IAS 29 do not apply in the preparation of the financial statements: • the Zimbabwean population is maintaining their balances in US$ or non-monetary assets owing to the high inflation; • the pricing in Zimbabwe is in the Zimbabwean Dollar after the 24 June 2019 government announcement to end the multi-currency system; • sellers are observed to charge prices that are significantly higher than the levels prior to 24 June 2019 with no plausible explanation other than anticipating an increase in prices when restocking; • a significant labour force continues to lobby for upward earnings review to at least the US$ equivalent before the introduction of the local currency; • as of June 2019, inflation was recorded as 175.66% and when compared to the 2017 inflation figure of 2.8% and 0.31 % for the year 2016 results in a cumulative inflation figure of 178.50 %. We considered the perspectives of the regulator of accountants and auditors in Zimbabwe, the Public Accountants and Auditors Board ("PAAB"), and the International Accounting Standards Board ("IASB"). The PAAB released a pronouncement on 11 October 2019 declaring that there was broad market consensus within the accounting and auditing profession that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard ("IAS 29") in Zimbabwe had been met with effect from July 1, 2019.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "GetBucks Microfinance Bank Limited Financial Statements for the year ended 30 June 2019", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "GetBucks Microfinance Bank Limited - Annual Report 2019", which is expected to be made available to us after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

pwc

Independent auditor's report (continued)

Other information (continued)

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 that we 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.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zimbabwe (Chapter 24:03), 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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 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.

PricewaterhouseCoopers

Tinashe I Rwodzi
Registered Public Auditor

Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Registration Number 100
Institute of Chartered Accountants of Zimbabwe, public practice certified number 253568

29 October 2019