Grant Thornton

Zimbabwe Stock Exchange Limited
Annual Financial Statements
31 December 2019

NATURE OF BUSINESS:

The Zimbabwe Stock Exchange Limited ("ZSE") is a securities exchange regulated in terms of the Securities and Exchange Act (Chapter 24:25) (the "Act") to provide for the listing and trading of securities.

DIRECTORS:

Mrs. C. Sandura	(Chairperson, Non-Executive Director)
Mr. B. Mswaka	(Deputy Chairman, Non-Executive Director)
Mr. B. Gasura	(Non-Executive Director)
Mr. M. De Klerk	(Non-Executive Director)
Mr. K. Moyo	(Non-Executive Director)
Mrs. M. R. Svova	(Non-Executive Director)
Mr. D. Muchemwa	(Non-Executive Director)
Mr. J. Bgoni	(Chief Executive Officer)
Mr. O. Ngwenya	(Finance Director)

SECRETARY:

Mr. L. T. Nkomo

REGISTERED OFFICE:

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

AUDITORS:

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Camelsa Business Park
135 Enterprise Road
Highlands
HARARE

MAIN BANKERS:

Stanbic Bank Zimbabwe Limited
77 Parklane
NSSA House
HARARE

LAWYERS:

Dube, Manikai and Hwacha
6th Floor, Goldbridge
Eastgate Complex
Sam Nujoma Street/ R. Mugabe
P O Box 10400
HARARE

Wintertons Legal Practitioners
Beverly Corner
11 Selous Avenue
P O Box 452
HARARE

Contents

These annual financial statements are expressed in Zimbabwe Dollars (ZWL).

Responsibilities of Management and Those Charged with Governance for the financial statements for the year ended 31 December 2019

Responsibility

The Directors are responsible for the preparation and fair presentation of the Company's annual financial statements, comprising the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act (Chapter 24:03). In addition, the Directors are responsible for preparing the Directors' report.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The Independent Auditor is responsible for reporting on whether the financial statements prepared by the Board are fairly presented in accordance with the applicable Financial Reporting Framework.

Compliance with legislation

These financial statements have been prepared under the historical cost convention (except for fair value measurement where applicable), are in agreement with the underlying books and records, have been properly prepared in accordance with the Accounting Policies set out in Note 2, and comply with the disclosure requirements of the Companies Act (Chapter 24:03).

Compliance with IFRS

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions (IFRS).

While full compliance with IFRS has been possible in the previous periods; only partial compliance has been achieved for 2019 because it has not been possible to comply with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange rates" and International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies".

As described in note **2.2**, the Company had to be guided by SI 41/2019 which states that in the case of any inconsistency between a local pronouncement and international standard, the local pronouncement shall take precedence to the extent of the inconsistency. In compliance with SI 33/2019, the Company maintained its functional currency for the first two months to 22 February 2019 using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA and changed to ZW$ as has been prepared in the financial statements. This constitutes a departure from the requirements of *IAS 21- The effects of Changes in Foreign Exchange Rates.*

On the 11th of October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement relating to the application of IAS 29- *Financial Reporting in Hyperinflationary Economies*, in Zimbabwe. The PAAB advised that there is broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies standard (IAS29), in Zimbabwe had been met. The Company has not yet applied the IAS 29- *Financial Reporting in Hyperinflationary* Economies to the financial statements, this constitutes a departure from the requirements of IAS 29- *Financial Reporting in Hyperinflationary Economies.*

The Company's financial statements which are set out on pages **9 to 33**, were in accordance with their responsibilities, approved by the Board of Directors on ......23 June...... 2020 and are signed on its behalf by:

....
Mrs. C. Sandura
Chairperson

....
Mr. J. Bgoni
Chief Executive Officer

These financial statements were prepared under the supervision of:

....
Mr. O. Ngwenya – Registered Public Accountant (PAAB No.03735)
Finance Director

INDEPENDENT AUDITORS' REPORT

Grant Thornton
Camelsa Business Park
135 Enterprise Road, Highlands
PO Box CY 2619
Causeway, Harare
Zimbabwe

T +263 0242 442511-4
F +263 0242 442517 / 496985
E info@zw.gt.com
www.grantthornton.co.zw

To the members of Zimbabwe Stock Exchange Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of Zimbabwe Stock Exchange Limited set out on pages **9 to 33**, which comprise the inflation adjusted statement of financial position as at 31 December 2019, inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly, in all material respects, the inflation adjusted financial position of Zimbabwe Stock Exchange Limited, and its inflation adjusted financial performance and cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act (Chapter 24.03).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. As described in the note 26 to the financial statements, the economic environment during the year ended 31 December 2019 was characterised by 'multi-tiered' pricing, and the Company transacted predominantly in RTGS FCA (electronic payments), including mobile money, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019. The statutory instrument provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 – The Effects of Changes in Foreign Exchange Rates which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. The Company had to be guided by S.I. 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Company maintained its functional currency as the USD from 1 January 2019 to 22 February 2019 using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA and changed to Zimbabwe Dollar as presented in the financial statements. This constitutes a departure from the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Company's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement relating to the application of IAS 29 – Financial Reporting in Hyperinflationary Economies. The PAAB advised that there is broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe had been met. The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019. However, as a result of the need to comply with the requirements of S.I. 33 of 2019, the changes in the general pricing power of the functional currency were applied on amounts that were not translated in terms of IAS 21 – The Effects of Changes in Foreign Exchange Rates for the period 1 January to 22 February 2019. This constitutes a departure from the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies.

Had the Company applied the requirements of IAS 21 and IAS 29, many of the elements of the financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be pervasive. The financial effects on the inflation adjusted financial statements of this departure have not been determined.

Material Uncertainty Relating to Going Concern

We draw attention to note 27 to the financial statements, which describes the uncertainties relating to the possible effects of the COVID-19 pandemic on the Company. The Company is unable to presently determine the impact of the Covid-19 pandemic on its operations in the year 2020. Our opinion is not modified in respect of this matter.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

Areas of focus	How our audit addressed the key audit matter
Revenue and receivables **IFRS 15 Revenue from Contracts with Customers** • There is a presumed risk of inappropriate revenue recognition specifically identified in ISA 240 (R), 'The auditors' responsibility to consider fraud in the audit of financial statements'. This is a significant risk and accordingly a key audit matter.	• Reviewed the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15, Revenue from contracts with customers. • Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period. • Our audit procedures included testing of design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • We identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to the external sources (supporting documentation). • Furthermore, we performed analytical procedures and assessed the reasonableness of explanations provided by management. We satisfied ourselves that the company's revenue is adequate and appropriate.
IFRS 9 Expected credit risk allowance This was considered a key audit matter as IFRS 9 is a new and complex accounting standard which requires significant judgement to determine the impairment reserve.	Our audit procedures in assessing managements allowance for credit losses included the following: • We performed an assessment of the modelling techniques and methodology used against the requirements of IFRS 9, Financial Instruments. • We assessed and tested the material modeling

Key areas of judgement included: • The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected under the company's credit loss model; • The identification of exposures with a significant deterioration in credit quality; • Assumptions used in the credit loss model such as the financial condition of the counterparty, expected future cash flows and macroeconomic factors (e.g exchange rates, interest rates, gross domestic product growth, inflation). The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the credit loss model.	assumptions with a focus on the: i. Key modeling assumptions adopted by the Company; ii. Basis for and data used to determine debtor's categories; and iii. Reliability of the historical data collected. • We examined a sample of exposures and performed procedures to evaluate the: i. Timely identification of exposures with a significant deterioration in credit quality. ii. Expected loss calculation for exposures assessed on an individual basis. • We assessed the accuracy of the disclosures in the financial statements. Based on our audit work performed and the assumptions used by management the rates calculated were appropriate and reflected the current environment.
Valuation of unquoted financial assets held at fair value • The valuation of the company's unquoted financial assets held at fair value was a key area of audit focus due to the significance of the amount and complexity involved in the valuation process. • Management makes significant judgements because of the complexity of the techniques and assumptions used in valuing some of the level 3 investment securities given the limited external evidence and unobservable market data available to support the company's valuations. The valuation of the level 3 investment securities are dependent on market conditions and key assumptions made. The determination of these assumptions is complex and requires the exercise of management judgement.	• We assessed the design and operating effectiveness of the company's key controls supporting the identification, measurement, and oversight of valuation risk of financial assets. • For the more judgmental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the company.

Other information

The Directors are responsible for the other information. The other information comprises the Director's Report, Chairman's Statement and the Company Secretary's Certificate, as required by the Companies Act (Chapter 24:03), which we obtained prior to the date of the auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the Basis for Adverse opinion paragraph, the financial statements have been properly prepared in compliance with the requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

The engagement partner on the audit resulting in this Independent auditor's report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner
Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

26 JUNE 2020

HARARE

Statement of financial position
as at 31 December 2019

	Notes	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
ASSETS					
Non-current assets					
Property and equipment	4	13 528 174	5 724 929	11 169 657	854 765
Intangible assets	5	1 742 155	2 269 627	186 626	365 480
Unquoted investments	6	4 011 720	2 100 007	4 011 720	405 289
		19 282 049	10 094 563	15 368 003	1 625 534
Current assets					
Financial assets at fair value through profit or loss	8	3 082 168	7 601 272	3 082 433	1 224 302
Trade and other receivables	9	690 861	1 788 591	690 861	288 018
Held to maturity investments	10	-	5 056 697	-	814 283
Cash and cash equivalents	11	536 294	786 378	536 294	126 631
Income tax refundable	20	-	-	22 691	-
		4 309 323	15 232 938	4 332 279	2 453 234
Total assets		23 591 372	25 327 501	19 700 282	4 078 768
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	12	6 210	6 210	1 000	1 000
Share premium	12	439 289	439 289	70 739	70 739
Non-distributable reserve	13.1	-	-	77 981	77 981
Revaluation reserve	13.2	-	-	9 091 014	-
Retained earnings		17 057 448	13 146 138	6 694 102	2 039 215
Total equity		17 502 947	13 591 637	15 934 836	2 188 935
Non-current liabilities					
Deferred tax liability	7	1 693 387	340 805	235 592	54 880
		1 693 387	340 805	235 592	54 880
Current liabilities					
Trade and other payables	14	3 195 401	1 709 172	3 195 401	275 229
Short term borrowings	15	-	9 315 000	-	1 500 000
Bank overdraft	11	323 275	-	323 275	-
Short term borrowings	15	11 178	106 470	11 178	17 145
Income tax payable	20	865 184	264 417	-	42 579
		4 395 038	11 395 059	3 529 854	1 834 953
Total liabilities		6 088 425	11 735 864	3 765 446	1 889 833
Total equity and liabilities		23 591 372	25 327 501	19 700 282	4 078 768

Mrs. C. Sandura
Chairperson

Mr. J. Bgoni
Chief Executive Officer

Statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	Notes	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
INCOME					
Revenue	16	25 969 918	17 990 613	7 120 951	2 897 039
Fair value gain on financial instruments	8	7 676 198	112 004	2 672 152	18 036
Other income	17	819 440	62 932	371 997	10 134
Total income		34 465 556	18 165 549	10 165 100	2 925 209
EXPENDITURE					
Staff costs	18.1	6 762 807	3 837 103	2 482 434	617 891
Other operating costs	18.2	13 984 652	3 807 755	6 261 847	613 165
Depreciation and amortisation	18.3	1 500 120	2 467 270	497 590	397 306
Total expenses		22 247 579	10 112 128	9 241 871	1 628 362
Operating profit		12 217 977	8 053 421	923 229	1 296 847
Finance income	19.1	83 929	419 572	24 049	67 564
Finance costs	19.2	(814 993)	(754 200)	(193 927)	(120 000)
Monetary (loss)/gain		(7 387 634)	-	-	-
Profit before tax		4 099 279	7 718 793	753 351	1 244 411
Income tax credit/(expense)	20	(887 875)	(2 889 116)	490 243	(465 236)
Profit for the year		3 211 404	4 829 677	1 243 594	779 175
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss:					
Fair value adjustments	6	1 911 713	466 833	3 606 431	142 298
		5 123 117	5 296 510	4 850 025	921 473
Items that will not be reclassified subsequently to profit or loss:					
Gain on property revaluation, net of tax		-	-	9 091 014	-
Total comprehensive income for the year		5 123 117	5 296 510	13 941 039	921 473

Statement of changes in equity
for the year ended 31 December 2019

HISTORICAL COST

	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Non-distributable reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2018	1 000	70 739	-	77 981	1 117 742	1 267 462
Total comprehensive income for the year	-	-	-	-	921 473	921 473
Balance at 31 December 2018	1 000	70 739	-	77 981	2 039 215	2 188 935
Dividends paid	-	-	-	-	(195 138)	(195 138)
Total comprehensive income for the year	-	-	9 091 014	-	4 850 025	13 941 039
Balance at 31 December 2019	1 000	70 739	9 091 014	77 981	6 694 102	15 934 836

INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Non-distributable reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2018	6 210	439 289	-	484 262	7 849 628	8 779 389
Elimination of non-distributable reserve	-	-	-	(484 262)	-	(484 262)
Total comprehensive income for the year	-	-	-	-	5 296 510	5 296 510
Balance at 31 December 2018	6 210	439 289	-	-	13 146 138	13 591 637
Dividends paid	-	-	-	-	(1 211 807)	(1 211 807)
Total comprehensive income for the year	-	-	-	-	5 123 117	5 123 117
Balance at 31 December 2019	6 210	439 289	-	-	17 057 448	17 502 947

Statement of cash flows
for the year ended 31 December 2019

	Notes	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit		12 217 977	8 053 421	923 229	1 296 847
Adjustments for:					
Depreciation and amortisation	18.3	1 500 120	2 467 270	497 590	397 306
(Profit)/ loss on disposal of property, plant and equipment	17	(438 494)	(13 040)	(199 061)	(2 326)
Monetary loss		(7387 634)	-	-	-
Fair value gain on financial instruments	8	(7 676 198)	(112 004)	(2 672 152)	(18 036)
Allowance for credit losses		16 983	269 688	16 983	43 428
Operating profit before working capital changes		(1 767 246)	10 665 335	(1 433 411)	1 717 219
Changes in working capital					
Increase in trade and other receivables		1 080 747	(554 162)	(419 826)	(89 237)
(Decrease)/increase in trade and other payables		1 990 730	(847 615)	2 920 172	(136 492)
Income taxes paid	20	(287 107)	(2 860 487)	(65 270)	(460 626)
Net cash flows generated from operating activities		1 017 124	6 403 070	1 001 665	1 030 864
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	4	(2 288 032)	(107 439)	(815 320)	(17 301)
Purchase of intangible assets	5	(207 086)	(383 536)	(64 800)	(61 761)
Proceeds from disposal of financial instruments		14 641 281	1 863 000	4 464 465	300 000
Proceeds from disposal of property and equipment		435 421	21 560	207 522	30 204
Purchase of financial instruments		(2 914 197)	(12 265 955)	(2 836 161)	(2 001 700)
Interest income received		83 929	353 740	24 049	56 963
Net cash flows utilised in investing activities		9 751 316	(10 518 630)	979 755	(1 693 595)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loans		(9 315 000)	-	(1 500 000)	-
Dividend paid		(1 211 807)	-	(195 138)	-
Finance costs paid		(814 993)	(754 200)	(199 894)	(120 000)
Net cash flows utilised in financing activities		(11 341 800)	(745 200)	(1 895 032)	(120 000)
Net (decrease)/increase in cash and cash equivalents		(573 359)	(4 860 760)	86 388	(782 731)
Cash and cash equivalents at beginning of the year		786 378	5 647 138	126 631	909 362
Cash and cash equivalents at end of year	11	213 019	786 378	213 019	126 631

Statement of accounting policies
for the year ended 31 December 2019

1 General information

1.1. Nature of business and incorporation

The Zimbabwe Stock Exchange Limited (the "Company") is incorporated and domiciled in Zimbabwe and was registered under the Companies Act (Chapter 24:03) on 31 December 2014 (No. 10653/2014). The principal nature of business of the Company is to operate a Stock Exchange. The address of its registered office is 44 Ridgeway North, Highlands, Harare. The Companies Act (Chapter 24:03) provides the governance framework, capital structure and financial reporting requirements and obligations.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions (IFRS). The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

The Company's financial statements have been prepared based on the statutory records that are maintained under the historical basis and adjusted for the effects of applying IAS 29 "Financial Reporting in Hyperinflationary Economies refer to note 2.2(b). The financial statements are presented in Zimbabwean Dollars (ZWL) and all values are rounded to the nearest dollar, except where otherwise indicated. The principal accounting policies of the Company have been consistently applied in all material respects with those of the previous year unless otherwise stated.

2.2 Changes in accounting policies

a) Functional and presentation currency

The financial statements are presented in Zimbabwe Dollars ("ZWL$"), which is the Company's functional and presentation currency.

In February 2009, the Government of Zimbabwe introduced the multi-currency system which had the US$ as its base currency. As a result of foreign currency shortages on the market, there was an increase in the use of electronic settlement platforms namely, Real Time Gross Settlement ("RTGS") platforms. A monetary policy measure was introduced in October 2018 directing the separation of foreign currency accounts ("FCAs") into two categories namely: RTGS FCA and Nostro FCA at a parity rate of 1:1.

In February 2019, the Government, through another policy measure, issued a Statutory Instrument (SI 33 of 2019) which introduced the electronic RTGS dollar (ZWL) with physical denomination in the bond notes and coins at a base raet of USD1:ZWL2.5. The intoduction of the currency and its addition to the multi-currency basket brought about the interbank market which was to function on a willing buyer, willing seller basis. The enacting instrument gave a legal requirement for the accounting treatment of local assets and liabilities denominated in USD to to be transferred to the ZWL at parity. The above events triggered the need for Directors to assess:

- whether there was a change in the Company's functional currency as at 1 October 2018, and
- the appropriateness of rates of exchange used from that date onwards in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

IAS 21 requires that transactions and balances denominated in foreign currency should be presented at market exchange rates. A market rate is one which is legal, observable and accessible. From October 2018 to February 2019, the Company maintained a rate of USD1:ZWL1 as prescribed by the Government in compliance with the law (SI 33 of 2019) and as from March 2019, the Company utilised rates available from the Reserve Bank of Zimbabwe ("RBZ") Interbank market. The rate from the RBZ is the legal rate and management believes it is observable. However, the rate is not accessible to the market.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

a) Functional and presentation currency (continued)

Consequently, the Company has not fully complied with the requirements of IAS21. However, for expediency, the Company chose to comply with the law as the Government issued SI 41 of 2019 which directs entities to give precedence to the law over reporting standards in circumstances where there are inconsistences between the two.

While the Company prepares its Financial Statements to comply with International Financial Reporting Standards, full compliance with certain International Financial Reporting Standards was not possible due to the above factors. For the avoidance of doubt, the Company did not fully comply with the requirements of IAS 21 to the extent described above and instead, complied with the requirements of the law.

b) 'IAS 29 'Financial Reporting in Hyper -Inflationary Economies'

The Public Accountants and Auditors Board issued pronouncement 01/2019 on the application of International Accounting Standard ("IAS") 29 "Financial reporting in Hyperinflationary economies" in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods ended on and after 01 July 2019 to apply requirements of IAS 29. Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwe dolalr and for purposes of fair presntation in accordance with IAS29 have been made in these financial statements to the historical cost financial information.

The Consumer Price Indices (CPIs) were obtained from the Reserve Bank of Zimbabwe website, as supplied by the Zimbabwe Central Statistical Office. The Consumer Price Indices adopted are as follows:-

Month	Index	Month	Index
Prior Year	6.21	July	2.64
January	5.60	August	2.23
February	5.51	September	1.89
March	5.28	October	1.36
April	5.00	November	1.16
May	4.45	December	1.00
June	3.19		

c) IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. The company does not have transactions affected by this standard.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 Significant accounting policies (continued)

2.3 Property and equipment

Recognition and measurement

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

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

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

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

The estimated useful lives are as follows:

Buildings	- 50 years
Furniture, fittings and equipment	- 10 years
Computer equipment	- 3 to 5 years
Motor vehicles	- 4 years

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

An item of Property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of equipment are determined as the difference between the sales proceeds and the carrying amount of the asset at the date of disposal and taken into account in determining operating profit.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of equipment are determined as the difference between the sales proceeds and the carrying amount of the asset at the date of disposal and taken into account in determining operating profit.

2.4 Intangible assets

Intangible asset represent ATS software license which is stated at cost less amortisation. Amortisation is calculated to write-off software on a straight line basis over the period of the licence (5 years). Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

Derecognition

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

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 Significant accounting policies (continued)

2.5 Provisions

Provisions are recognised in the statement of financial position 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 embodying economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

2.6 Prepayments

Prepayments are stated at cost less amortised amounts. Prepayments are amortised to income by the straight-line method or according to performance of the underlying transaction.

2.7 Employee benefits

Employee benefits are all forms of consideration given by the company in exchange for services rendered by employees.

Pension obligations

The Company operates a defined contribution pension plan and it also participates in the National Social Security Authority ("NSSA") statutory defined contribution pension plan. A defined contribution plan is a pension 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 and prior periods. The Company's contributions to the pension plan are charged to the profit or loss in the period to which the contributions relate.

Other short-term benefits

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

2.8 Income tax

Income tax recognised in profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes, unless the deferred tax liability arises from:

- Taxable temporary differences arising on initial recognition of Goodwill; or
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to affect current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is calculated based on the tax rates that are expected to apply to the temporary difference when the asset or liability is settled. The effect on deferred tax of any changes in tax rates is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 Significant accounting policies (continued)

2.9 Revenue

Revenue represents sales (excluding VAT) of goods and services net of discounts provided in the normal course of business and is recognised when services have been rendered. Revenue is derived from hotel operations and includes ZSE Levy and Annual listing fees.

To determine whether to recognise revenues, the Company follows a 5 step process:
1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transactional price to the performance obligations
5. Recognising revenues when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Other income

Other income is recognised on the date when all risks and rewards associated with the transaction have been transferred to the buyer.

2.10 Financial instruments

The Company classifies non-derivative financial assets into the following categories:

- Financial asset held to maturity;
- Financial asset held for trading;
- Available for sale financial assets; and
- Loans and receivables.

(i) Recognition and initial measurement

The Company initially recognises its financial assets and liabilities on the trade date, which is the date on which the Company becomes party to the contractual provisions of the instrument. A financial asset or financial liability is measured at fair value plus, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

(ii) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

(a) Fair value measurement

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 in the principal or, inits absence, the most advantageous market to which the Company has access at the date. A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 Significant accounting policies (continued)

2.10 Financial instruments (continued)

(a) Fair value measurement continued)

When 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 tranactions 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 Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

If an asset or liability measured at fair value has a bid price or an ask price, then the Company measures assets at a bid price and liabilities at an ask price.

(b) Amorised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any diffeence between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

(iii) Classification

(a) Held-to-maturity investments

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturities that the Company has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available for sale.

Subsequent to initial recognition, held-to-maturity investments are carried at amortised cost, using the effective rate method. A sale or reclassification of more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments to available-for sale financial instruments, and would prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- Sales or reclassifications after the Company has collected subsantially all of the asset's original principal through the scheduled payments; and
- Sales and reclassifications attributable to non-recurring isolated events beyond the Company's control that could not have been reasonably anticipated.

The Company classifies and measures investment in Reserve Bank of Zimbabwe ("RBZ") 7% Savings Bonds as Held-to-maturity investment.

(b) Financial assets and liabilities held for trading

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception.

Trading assets and liabilities are those assets and liabilities that the Company acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds s part of a portfolio that is managed together for short-term profit or position taking.

Financial assets and liabilities are designated at fair value through profit or loss when:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces accounting mismatch which would otherwise arise from measuring such financial instrument on different bases.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 Significant accounting policies (continued)

2.10 Financial instruments (continued)

(b) Financial assets and liabilities held for trading (continued)

Subsequent to initial recognition, the fair values are re-measured at each reporting date. All gains and losses arising from changes therein are recognised in the profit or loss and described as 'net trading income' for trading assets, and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition except for assets that are subsequently qualify as loans and receivables and which the Company has the intention and ability to hold for the foreseeable future or until maturity.

Reclassification from held for trading are made when the Company no longer actively trade in the investments initially classified as held for trading. Such investments are reclassified as available for sale.

(c) Available-for-sale investments

Available-for-sale investments are non-derivative investments that are designated by the Company as available-for-sale or are not classified as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. All available-for-sale investments, including unquoted equity securities are carried at fair value.

Interest is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Company becomes entitled to the dividend.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it otherwise would have met the definition of loans and receivables and if the Company has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

Investment securities are accounted for depending on their classification as either financial assets through profit or loss, available-for-sale financial assets or held-to-maturity investments. The Company classifies and measures investment in unquoted securities as available for sale.

(d) Loans and receivables

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

Loans and receivables are initially measured at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. The use of market rates in the measurement of loans issued at below-market rate increases the Company's operating expenses and the balance on the loans and receivable account

The following items are classified and measured as loans and receivables by the Company:

- Cash and cash equivalents: Cash and cash equivalents include notes and coins in hand, deposits held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificent risk of changes in ttheir fair value, and are used by the Company in the management of its short term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 Significant accounting policies (continued)

2.10 Financial instruments(continued)

(d) Loans and receivables (continued)

- Trade and other receivables: Other receivables comprise of staff debtors, trade receivables and other receivables. They are carried at original invoice amount less any allowance for doubtful receivables. Allowance for doubtful receivables are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. Oher receivables are initially measured at fair value and subsequently measured at amortised cost.

(e) Other financial liabilities

Other financial liabilities are measured at amortised cost. Other financial liabilities include sundry creditors and other liabilities.

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when and only when, the Company has a legal right right to set off the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

(v) De-recognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or has assumed an obligation to pay those cash flows to one or more recepients subject to certain criteria.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Company neither reatins nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 Foreign currency transactions

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

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

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

Statement of accounting policies
for the year ended 31 December 2019 (continued)

3 Significant judgments and estimates

In the process of applying the Company's accounting policies, management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of judgement and estimation in applying the entities accounting policies are dealt with below.

3.1 Useful lives and residual values of property, plant and equipment

The Company assesses useful lives and residual values of property and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 4.2 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and where there are any changes adjustments for depreciation will be done in future periods. The carrying amount of the Company's property and equipment is ZWL 11 169 657 (December 2018 ZWL 854 765).

3.2 Provision for impairment of receivables

Provision for impairment of receivables is a specific provision made for trade and other receivables which is reviewed on a montly basis. In determining the recoverability of a trade receivables the Company assesses whether there has been a significant evidence of financial difficulty or increase in credit risk from the debtor or issuer from the date the credit was granted up to the end of the reporting period. The carrying amount of the Company's allowance for credit losses as at 31 December 2019 was ZWL 81 749 (December 2018: ZWL 64 766)

Fair value and impairment of unquoted equities classified as available for sale

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

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

3.3 Going concern assessment

The company assesses the appropriateness of the going concern assumption at each statement of financial position date. This involves making judgments about viability of proposed strategies to turn around the company, as well as estimation of future cash flows. The process is therefore subjective.

Notes to the financial statements
for the year ended 31 December 2019

HISTORICAL COST
4 Property and equipment

	Land and buildings ZWL	Automated Trading System Hardware ZWL	Equipment (including furniture and fittings) ZWL	Vehicles ZWL	Total ZWL
Net carrying amount at 1 January 2018	**607 331**	**295 864**	**58 172**	**59 758**	**1 021 125**
Gross carrying amount - cost/valuation	959 499	591 728	118 179	203 764	1 873 170
Accumulated depreciation	(352 168)	(295 864)	(60 007)	(144 006)	(852 045)
Additions	-	-	17 301	-	17 301
Disposals	-	-	(381)	(27 497)	(27 878)
Gross carrying amount - cost/valuation	-	-	(6713)	(115 386)	(122 099)
Accumulated depreciation	-	-	6 332	87 889	94 221
Depreciation charge for the year	(14 990)	(118 346)	(10 945)	(11 502)	(155 783)
Net carrying amount at 31 December 2018	**592 341**	**177 518**	**64 147**	**20 759**	**854 765**
Gross carrying amount - cost/valuation	959 499	591 728	128 767	88 378	1 768 372
Accumulated depreciation	(367 158)	(414 210)	(64 620)	(67 619)	(913 607)
Additions	-	-	212 157	603 163	815 320
Revaluation	9 761 969	-	-	-	9 761 969
Disposals	-	-	(6 079)	(2 382)	(8 461)
Gross carrying amount - cost/valuation	-	-	(33 030)	(41 150)	(74 180)
Accumulated depreciation	-	-	26 951	38 768	65 719
Depreciation charge for the year	(14 990)	(118 345)	(47 984)	(72 618)	(253 937)
Net carrying amount at 31 December 2019	**10 339 320**	**59 173**	**222 241**	**548 922**	**11 169 657**
Gross carrying amount - cost/valuation	10 721 468	591 728	307 894	650 391	12 271 481
Accumulated depreciation	(382 148)	(532 555)	(85 653)	(101 469)	(1101 825)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

INFLATION ADJUSTED

4 Property and equipment (continued)

	Land and buildings ZWL	Automated Trading System Hardware ZWL	Equipment (including furniture and fittings) ZWL	Vehicles ZWL	Total ZWL
Net carrying amount at 1 January 2019	**4 095 276**	**1 102 387**	**398 353**	**128 913**	**5 724 929**
Gross carrying amount - cost/valuation	5 958 489	3 674 631	799 643	548 827	10 981 590
Accumulated depreciation	(1 863 213)	(2 572 244)	(401 290)	(419 914)	(5 256 661)
Additions	-	-	757 600	1 530 432	2 288 032
Revaluation	8 107 257	-	-	-	8 107 257
	-				
Disposals	-	-	(6 078)	(2 382)	(8 460)
Gross carrying amount - cost/valuation	-	-	(33 030)	(41 150)	(74 180)
Accumulated depreciation	-	-	26 952	38 768	65 720
Depreciation charge for the year	(45 191)	(356 785)	(189 660)	(173 926)	(765 562)
Net carrying amount at 31 December 2019	**10 339 320**	**745 602**	**960 215**	**1 483 037**	**13 528 174**
Gross carrying amount - cost/valuation	12 247 724	3 674 631	1 524 213	2 038 109	19 484 677
Accumulated depreciation	(1908 404)	(2 929 029)	(563 998)	(555 072)	(5 956 503)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
5 Intangible assets				
Net carrying amount at 1 January	2 269 627	2 127 615	365 480	545 242
Gross carrying amount - Cost	7 155 441	6 771 906	1 152 245	1 090 484
Accumulated amortisation	(4 885 814)	(4644 291)	(786 765)	(545 242)
Additions	207 086	383 536	64 800	61 761
Amortisation charge for the year	(734 558)	(241 523)	(243 653)	(241 523)
Net carrying amount at the end of the year	**1 742 155**	**2 269 627**	**186 626**	**365 480**
Gross carrying amount - Cost	7 362 527	7 155 441	1 217 044	1 152 245
Accumulated amortisation	(5 620 372)	(4 885 814)	(1 030 418)	(786 765)
6 Unquoted investments				
Balance at the beginning of the year	2 100 007	1 633 174	405 289	262 991
Fair value adjustments through other comprehensive income	1 911 713	466 833	3 606 431	142 298
Balance at the end of the year	4 011 720	2 100 007	4 011 720	405 289

The Exchange holds 111 945 shares (13.24% interest) in Chengetedzai Depository Company (CDC) an unlisted company. The fair value of the investment has been estimated at ZWL4 011 720.

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
7 Deferred tax				
Analysis of deferred tax:				
Property and equipment	1 681 725	(322 097)	714 172	(51 867)
Investment in unquoted equities	-	(176 734)	-	(28 460)
Leave pay provision	11 662	54 460	11 661	8 770
Allowance for credit losses	-	103 566	-	16 677
Assessed loss	-	-	(490 243)	-
Other payroll provisions	-	-	-	-
	1 693 387	(340 805)	235 590	(54 880)
Deferred tax reconciliation				
Balance at beginning of the year	(340 805)	393 236	(54 880)	63 323
Recognised in statement of profit or loss	2 034 192	(734 041)	(180 710)	(118 203)
Balance at the end of the year	1 693 387	(340 805)	(235 590)	(54 880)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
8 Financial assets at fair value through profit or loss				
Opening balance	7 601 272	37 268	1 224 302	6 266
Purchase of financial instruments	2 445 979	7 452 000	2 445 979	1 200 000
Withdrawal or disinvestment	(14 641 281)	-	(3 260 000)	-
Fair value adjustments through profit or loss	7 676 198	112 004	2 672 152	18 036
Closing balance	3 082 168	7 601 272	3 082 433	1 224 302

Financial assets at fair value through profit or loss at year end is made up of Equities and Unit Trusts.

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
9 Trade and other receivables				
Trade receivables	318 645	1 815 574	318 645	292 363
Allowance for credit losses	(81 749)	(402 197)	(81 749)	(64 766)
Net trade receivables	236 896	1 413 377	236 896	227 597
Other receivables	453 965	375 214	453 965	60 421
Balance at the end of the year	690 861	1 788 591	690 861	288 018

Trade and other receivables are non-interest bearing and are generally settled between 30 days and 60 days.

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
10 Held to Maturity Investments				
Balance at the beginning of the year	5 056 697	1 875 314	814 283	301 983
Purchase of additional instruments	468 218	4 978 557	390 182	801 700
Maturity or termination	(5 524 915)	(1 863 000)	(1 204 465)	(300 000)
Interest accrued at the end of the year	-	65 826	-	10 600
Closing balance	-	5 056 697	-	814 283
11 Cash and cash equivalents				
Cash at bank	536 294	164 776	536 294	26 534
Short-term deposits	-	621 602	-	100 097
Bank overdraft	(323 275)	-	(323 275)	
Cash and bank balances	213 019	786 378	213 019	126 631

Cash at bank earns interest at floating rates based on daily bank deposit rates.

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
12 Share capital and premium				
Authorised share capital				
6 000 000 ordinary shares of $0.10 each	372 600	372 600	60 000	60 000
Issued share capital				
100 037 ordinary shares of $0.10 each	6 210	6 210	1 000	1 000
Share premium	439 289	439 289	70 739	70 739
Balance at the end of the year	445 499	445 499	71 739	71 739

The total authorised number of ordinary shares is 6 million (2019: 6 million) with a par value of ZWL0.01 per share. The issued shares are 100 037 (2019:100 037) which are all fully paid up. Immediately on demutualisation the ZSE Proprietary Rights were converted to ZSE shares. The unissued shares are under the control of Directors subject to the limitations imposed by the Companies Act (Chapter 24:03) and the Articles and Memorandum of Association of the Company.

13 Reserves

13.1 Non Distributable Reserves

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Non Distributable Reserves	-	-	77 981	77 981

This arose as a result of change in functional currency from the Zimbabwe Dollar to the United States Dollar in 2009. It represents the residual equity in existence as at the date of the change over and has been designated as Non-Distributable Reserve.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
13.2 Revaluation reserve				
Opening balance	-	-	-	-
Movement during the year	-	-	9 091 014	-
Closing balance	-	-	9 091 014	-

14 Trade and other payables

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Trade creditors	508 368	1 333 157	508 368	214 679
Payroll liabilities	59 058	158 479	59 058	25 520
Accruals and other payables	2 627 975	217 536	2 627 975	35 030
	3 195 401	1 709 172	3 195 401	275 229

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

15 Short-term borrowings

	Loan Amount ZWL	Balance 2019 ZWL	Balance 2018 ZWL	Balance 2019 ZWL	Balance 2018 ZWL
Investor Protection Fund	1 500 000	11 178	106 470	11 178	17 145

The short term borrowings relate to the interest payable at 8% per annum on the Investor Protection Fund

16 Revenue

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
ZSE levy	14 797 175	11 510 974	4 057 386	1 853 619
Annual listing fees	7 506 948	5 209 078	2 058 405	838 821
Initial listing fees	-	222 753	-	35 870
Space advertising	37 521	-	10 288	-
Automated trading system market access fees	829 571	-	227 468	-
Corporate action and document review fees	464 533	229 087	127 375	36 890
Members subscription fees	338 585	217 971	92 840	35 100
Non-Member Institution subscription fees	438 659	437 619	120 280	70 470
Data vending	1 208 170	132 677	331 280	21 365
Training services	348 756	30 454	95 629	4 904
	25 969 918	17 990 613	7 120 951	2 897 039

17 Other income

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Venue hire	-	5 606	-	1 000
Miscellaneous income	107 299	493	48 710	88
Profit on disposal of assets	438 494	13 040	199 061	2 326
Dividend received	273 647	43 793	124 226	6 720
	819 440	62 932	371 997	10 134

18 Operating profit

Operating profit is stated after taking into account of the following items:

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
18.1 Staff costs				
Salaries and allowances	5 569 702	3 433 900	2 044 479	552 963
Staff bonus	168 547	280 158	61 869	45 114
Other staff costs	373 562	(772 847)	137 124	(124 452)
Employer pension contribution	201 264	385 393	73 878	62 060
Leave pay expenses	67 052	136 061	24 613	21 910
Medical aid	318 676	266 918	116 977	42 982
Social security costs	45 574	76 184	16 729	12 268
Pension fund administration fees	18 430	31 336	6 765	5 046
	6 762 807	3 837 103	2 482 434	617 891
18.2 Other operating costs				
Computer maintenance and systems support	408 140	171 328	182 752	27 589
Annual General Meeting	20 747	7 917	9 290	1 275
Annual Report	29 217	36 229	13 082	5 834
ATS Escrow Fees	(5 663)	15 749	(2 536)	2 536
Audit fees	87 991	160 796	39 399	25 893
Bank charges	388 584	60 529	173 994	9 747
Board sitting fees	947 146	565 421	424 099	91 050
Brand or ZSE visibility expenses/marketing costs	3 813 793	118 170	1 707 685	19 029
Teas/cleaning and general office expenses	378 969	41 179	169 689	6 631
Consultancy and professional fees	494 682	87 685	221 502	14 120
Entertainment and gifts	333 566	25 567	149 359	4 117
Insurance	212 668	123 709	95 225	19 921
Investor education and promotion	-	37 446	-	6 030
Legal fees	264 638	70 962	118 496	11 427
Management fees - sinking fund agent	20 502	33 534	9 180	5 400
Motor vehicle - fuel & oil	81 347	44 724	36 424	7 202
Printing/stationery	271 112	82 307	121 394	13 254
Allowance for credit losses	37 929	269 688	16 983	43 428
Recruitment expenses	186 378	4 440	83 454	715
Premises costs	750 101	157 523	335 870	25 366
Security service	11 321	20 642	5 069	3 324
Staff training/professional development	218 973	170 347	98 049	27 431
Staff protective clothing	5 775	1 130	2 586	182
Staff welfare	7 122	27 336	3 189	4 402
Statutory levies	195 812	201 732	87 678	32 485
Subscription, membership/publications fees	412 310	93 678	184 618	15 085
Telephone and other communication expenses	111 323	63 559	49 847	10 235
Travelling and Conferences	13 629	56 610	6 102	9 116
Moto vehicle service and other expenses	99 623	33 056	44 608	5 323
Website support services	78 992	101 130	35 372	16 285
Software licencing costs	4 107 925	923 632	1 839 388	148 733
	13 984 652	3 807 755	6 261 847	613 165
18.3 Depreciation and amortisation				
Buildings	45 191	93 088	14 990	14 990
Automated trading system - Hardware Equipment	356 785	734 929	118 345	118 346
Equipment (including furniture and fittings)	189 660	67 968	47 984	10 945
Vehicles	173 926	71 427	72 618	11 502
Automated trading system - Software licence	734 558	1 499 858	243 653	241 523
	1 500 120	2 467 270	497 590	397 306

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
19 Finance costs and interest income				
19.1 Finance income				
Interest on short-term fixed deposits	57 458	415 132	16 464	66 849
Interest on staff loans and advances	26 471	4 440	7 585	715
	83 929	419 572	24 049	67 564
19.2 Finance costs				
Interest paid - long term borrowings	814 993	754 200	193 927	120 000

The loan is charged an interest of 8% per annum and was redeemed on 17 December 2019. The company during the year obtained an overdraft facility capped at ZWL 1 500 000 with FBC Bank Zimbabwe Limited and utilised only ZWL 323 275 as at 31 December 2019.

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
20 Income tax expense				
Current tax	-	2 155 075	-	347 033
Deferred tax	(2 034 192)	734 041	180 710	118 203
	(2 034 192)	2 889 116	180 710	465 236
Tax rate reconciliation				
Profit before tax	4 099 279	7 718 793	753 351	1 244 411
Income tax charge at 25.75%	1 055 564	1 987 589	193 988	320 436
	-			
Tax effect of:	-			
Non-deductible expenses	739 440	901 527	497 130	144 800
Non-taxable items	(749 174)	-	(172 204)	-
Change in tax rate	(146 458)	-	(28 671)	-
Expired assessed loss derecognised	-	-	-	-
	899 372	2 889 116	490 243	465 236
Income tax refundable				
Balance at beginning of year	264 416	1 179 438	42 579	156 172
Charge to profit or loss	887 875	1 945 466	-	347 033
Taxes paid	(287 107)	(2 860 487)	(65 270)	(460 626)
Balance at the end of the year	865 184	264 417	(22 691)	42 579

Notes to the financial statements
for the year ended 31 December 2019 (continued)

		INFLATION ADJUSTED		HISTORICAL COST	
		2019	2018	2019	2018
		ZWL	ZWL	ZWL	ZWL

21 Related party information

21.1 Related parties

Related parties	Nature of relationship
Justin Bgoni	Chief Executive Officer
Bartholomew Mswaka	Non-Executive Director
Martin Matanda	Key management
Obert Ngwenya	Key management
Lina F. Mushanguri	Key management
Lyndon T. Nkomo	Key management

21.2 Transactions with related parties

Entity	Nature of transaction	Value of transactions 2019 ZWL	Value of transactions 2018 ZWL
Bartholomew Mswaka	Board fees	81 388	13 450

21.3 Key management personnel compensation

	INFLATION ADJUSTED 2019 ZWL	INFLATION ADJUSTED 2018 ZWL	HISTORICAL COST 2019 ZWL	HISTORICAL COST 2018 ZWL
Salaries and other short term employee benefits	2 859 830	1 666 416	571 966	277 736
Pension contributions	90 530	183 912	18 106	30 652
	2 950 360	1 850 328	590 072	308 388

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company.

22 Financial Risk Management

(i) Risk management framework

Fundamental to the business activities and growth of the Company is a strong risk management pracice which is at the core of achieving the Company's Strategic Objectives. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit and Risk Committee is responsible for developing and monitoring the Company's risk management policies. The Audit and Risk Committee regularly reports to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to the limits. Risk managemet policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and risk informed environment in which all employees have a good understanding of inherent risk specific to their departments.

The Audit and Risk Committee oversees how management monitors compliance with the Company's risk managemet policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by the Finance and Compliance Department which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Commitee.

The Company is exposed to the following principal risks arising from financial instruments:

- Credit Risk; and
- Liquidity risk.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

22 Financial Risk Management (continued)

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables and investment securities.

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

The Company limits its exposure to credit risk by ensuring its ratio of trade receivable to total revenue is kept within acceptable threshholds . The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and cash equivalents

The Company held cash and cash equivalents of ZWL 237 221 at 31 December 2019 (2017 : ZWL 126 631) which represents its maximum exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months are held with local banks with solid financial and capital cover.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or anotherfinancial asset. The Company's approach to managing liquidity is to ensure as far possible that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketables securities.
A maturity analysis of financial instruments as at 31 December 2019 is as follows:

Description	Up to 3 months ZWL	3 months - 1 year ZWL	1 year - 5 years ZWL	Total ZWL
Cash and cash equivalents	536 294	-	-	536 294
Trade and other receivables	690 861			690 861
Financial assets at fairvalue through profit or loss	-	3 082 433	-	3 082 433
Total Assets	1 227 155	3 082 433	-	4 309 588
Liabilities				
Interest bearing loans and borrowings	11 178	-		11178
Trade and other payables		3 195 401		3195401
Total Liabilities	11 178	3 195 401	-	3 206 579
Liquidity surplus	1 215 977	(112 968)	-	1 103 009
Cumulative liquidity surplus	1 215 977	1 103 009	1 103 009	1 103 009

Notes to the financial statements
for the year ended 31 December 2019 (continued)

22 Financial Risk Management (continued)

(iii) Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Company uses a range of tools such as sensitivity analysis to manage its exposure to market risk.

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

(v) Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages the risk by maintaining an appropriate mix of fixed and variable instruments. Interest on floating instruments is repriced at intervals of less than 1 year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity. The Company's interest rate risk arises from investments in short-term placements and long-term debt obligations with floating interest rates.

(vi) Capital Risk Management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholder and benefits to other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. No changes were made to the objectives, policies or processes during the year ended 31 December 2019.The Company monitors capital on the basis of the capital adequacy directive by the regulator, the Securities and Exchange Commission of Zimbabwe.

23 Fair value of financial assets and liabilities

23.1 Fair value hierarchy

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

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

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

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

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

Notes to the financial statements
for the year ended 31 December 2019 (continued)

23 Fair value of financial assets and liabilities (continued)

23.1 Fair value hierarchy (continued)

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

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
At fair value through profit or loss 2019	-	3 082 433	-	3 082 433
At fair value through profit or loss 2018	-	1 224 302	-	1 224 302
Unquoted equities 2018 (At fairvalue through other comprehensive income)	-	-	4 011 720	4 011 720
Unquoted equities 2018 (At fairvalue through other comprehensive income)	-	-	405 289	405 289

24 Commitments and Contigencies

24.1 Litigation Claim Contigency

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

24.2 Data Portal Agreement

The court case between the Company and the data portal service provider has not sufficiently progressed. The Company has been advised by legal counsel that the prospects of success of dismissal of the claim are high.

24.3 Capital Commitments

	2019 ZWL	2018 ZWL
Authorised but not yet contracted for	-	245 288
	-	245 288

Capital commitments will be funded from internal resources.

25 Retirement Benefits Plans

25.1 Zimbabwe Stock Exchange Pension Fund

Pension funds are provided for employees to a separate fund to which the Company contributes. The fund is independently administered and insured by ZB Life Assurance Limited.

25.2 National Social Security Authority Scheme (NSSA)

All employees are required by law to be members of the National Social Security Scheme which is a defined contribution scheme established under the National Social Security Authority Act (1989). In accordance with regulations of the scheme employer contributions are 3,5% of basic salary per employee per month up to a maximum of ZWL 700. The company's contributions during the year amounted to Historical cost, ZWL 16 729 (2018: ZWL 12 268), Inflation adjusted ZWL 100 374 (2018: ZWL 76 062).

Notes to the financial statements
for the year ended 31 December 2019 (continued)

26 Fair value determination for assets, transactions and liabilities.

The determination of fair values presented in the financial statements is affected by the prevailing economic environment. During the course of the year the Company traded in both USD and in ZWL. The official rate between the US dollar and ZWL$ balances was pegged officially at 1:1 for the two months (January & February of 2019). On 20 February 2019, the government of Zimbabwe promalgated SI 33 of 2019 which prescribed the interbank market rate. Transactions done for the period January and February 2019 were not restated as they were transalated at the prevailing exchange rate between the USD and the RTG$ of 1:1. On 24 June 2019, the government of Zimbabwe promulgated S I 142 of 2019 which reintorduced the ZWL$ as the sole currency of reference. The Company had to be guided by SI 41/2019 which states that in the case of any inconsistency between a local pronouncement and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

27 Events after the reporting period

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

27.2 Approval of financial statements

The financial statements were approved by the Board of Directors for issue on..23 June.............2020.