Grant Thornton

Zimbabwe Stock Exchange Limited and its Subsidiaries

Consolidated Annual Financial Statements

31 December 2022

NATURE OF BUSINESS:

The Group ("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	(Non-Executive Director, *Chairperson*)
Mr. B. Mswaka	(Non-Executive Director, *Deputy Chairman*)
Mr. B. Gasura	(Non-Executive Director)
Mr. M. De Klerk	(Non-Executive Director)
Mrs. L. Tirivanhu	(Non-Executive Director)
Mrs. M. R. Svova	(Non-Executive Director
Mr. M. Mudzungayiri	(Non-Executive Director)
Mr. J. Bgoni	(Chief Executive Officer)

REGISTERED OFFICE:

44 Ridgeway North
Highlands
HARARE

AUDITORS:

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

MAIN BANKERS:

FBC Bank Limited
Stanbic Bank Zimbabwe Limited

LAWYERS:

Dube Manikai and Hwacha
Legal Practitioners
Commercial Law Chambers
6th Floor Goldbridge
Eastgate
Sam Nujoma Street
Harare

Contents

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

It is the Directors' responsibility to ensure that the financial statements fairly present the state of affairs of the Group. The external auditors are responsible for independently reviewing and reporting on the inflation adjusted consolidated financial statements.

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) 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.

The Conceptual Framework for Financial Reporting requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgments, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

The requirement to comply with Statutory Instrument (S.I) 33 of 2019 as enacted by the Finance Act No. 2 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the Conceptual Framework for Financial Reporting. This has resulted in the adoption of the accounting treatment in the prior year's financial statements, which deviates from that which would have been applied if the Group had been able to fully comply with IFRS.

The Directors carried out an assessment of the impact of liquidity constraints and foreign currency shortages on the Group's operations and income streams and came to a conclusion that the impact is not material to affect the ability of the Group to continue as a going concern for the twelve months ended 31 December 2022.

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Directors have been addressed and the Directors confirm that the system of accounting and internal control is operating in a satisfactory manner.

The Group's financial statements which are set out on pages 9 to 45 were, in accordance with their responsibilities, approved by the Board of Directors on 26 April 2023 and are signed on its behalf by:

Mrs. C. Sandura
Board Chairman

Mr. J. Bgoni
Chief Executive Officer

These financial statements were prepared under the supervision of:

Mr J. Bgoni
Registered Public Accountant (PAAB No. 02534)
Chief Executive Officer

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

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To the members of Zimbabwe Stock Exchange and its Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Zimbabwe Stock Exchange and its subsidiaries set out on pages 9 to 45, which comprise the inflation adjusted statement of financial position as at 31 December 2022, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of the Group's significant accounting policies.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of the Group and its subsidiaries as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 - 'The Effect of Changes in Foreign Exchange Rates' in prior financial years

An adverse opinion was issued on the consolidated inflation adjusted financial statements for the year ended 31 December 2021. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21 *'The Effects of Changes in Foreign Exchange Rates'* and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29 *'Financial Reporting in Hyperinflationary Economies'*.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year consolidated financial statements in accordance with IAS 8 *'Accounting Policies, Changes in Accounting Estimates and Errors'*, the retained earnings as at 31 December 2022 may contain misstatements. As a result, our opinion on the current year consolidated financial statements is modified because of the possible residual effects of the non-compliance with IAS 21. The effects of this non-compliance were considered material but not pervasive to the consolidated financial statements.

Valuation of unquoted investments

These consolidated financial statements include an investment of 111 945 shares in Chengetedzai Depository Company (CDC), an unlisted company which is measured at fair value through other comprehensive income. This investment was valued by Directors as at 31 December 2022 at ZWL 114 868 277. The valuation of this unquoted investment was derived by applying certain assumptions which are not consistent with the requirements of IFRS 13 *'Fair Value Measurement'*. The value was based on a USD price that was derived from a transaction for the sale of CDC shares in 2020 and converted to ZWL at the closing interbank rate. The valuation did not consider all relevant market information that market participants would consider in valuing similar investments. The impact of this non-compliance with IFRS 13 has been considered material but not pervasive to the financial statements for the year ended 31 December 2022.

Valuation of property and equipment

The determination of fair values for assets presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include land and buildings that are carried at revaluation model in accordance with IFRS 13 - Fair value measurement. The valuations of the aforementioned assets were performed by professional valuers as at 31 December 2022. The valuations were determined in USD and then translated to ZWL using the Reserve Bank of Zimbabwe auction rate as at 31 December 2022.

Although the determined USD values reflected the fair value of the aforementioned assets in USD, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items of the assets in ZWL.

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 Annual 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition IFRS 15 was applied on revenue recognition. • There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240-Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Group. This is a significant risk and accordingly a key audit matter.	Our audit procedures incorporated a combination of tests of the Group's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following: • Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period. • Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • 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 external sources (supporting documentation). • Analytical procedures and assessed the reasonableness of explanations provided

	by management. We satisfied ourselves that the revenue recognition is appropriate.

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' responsibility for financial reporting', 'historical cost information' and 'Group statements', which we obtained prior to the date of this auditor's report, and the other reports which are expected to be made available to us after that date.

The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements 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 Directors for the financial statements

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and for such internal control as is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Directors are responsible for assessing the Group'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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* paragraph, the consolidated financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

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)

02 May 2023

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors
HARARE

Consolidated statement of financial position
as at 31 December 2022

	Notes	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
Assets					
Non-current assets					
Property and equipment	4	1 011 092 655	757 604 972	811 842 569	192 755 797
Intangible assets	5	923 825 372	613 500 720	307 044 427	118 235 118
Unquoted investments	6	114 868 277	62 698 471	114 868 277	18 239 031
Investment in joint venture	8	-	14 457 729	-	745 077
		2 049 786 304	1 448 261 892	1 233 755 273	329 975 023
Current assets					
Financial assets at fair value through profit or loss	9	38 032 690	59 946 070	38 032 691	17 438 356
Financial assets at amortised cost	10	-	36 242 563	-	10 542 988
Trade and other receivables	11	73 043 263	78 052 726	73 043 263	22 705 595
Cash and cash equivalents	12	56 701 983	29 816 030	56 701 983	8 673 505
		167 777 936	204 057 389	167 777 937	59 360 444
Total assets		2 217 564 240	1 652 319 281	1 401 533 210	389 335 467
Equity and liabilities					
Capital and reserves					
Share capital	13	153 925	153 925	1 000	1 000
Share premium	13	10 888 384	10 888 384	70 739	70 739
Non-distributable reserve	14.1	12 008 732	12 008 732	77 981	77 981
Revaluation reserve	14.2	865 965 923	643 744 166	747 722 181	208 597 062
Mark to market reserve	14.3	101 069 622	48 899 815	114 462 988	17 833 742
Retained earnings		825 913 674	479 227 767	169 251 595	18 895 451
Total equity		1 816 000 260	1 194 922 789	1 031 586 484	245 475 975
Non-current liabilities					
Deferred tax liability	7	133 884 285	112 738 731	102 267 032	23 598 297
Current liabilities					
Trade and other payables	16	180 030 161	221 432 341	180 030 161	64 414 830
Bank overdraft	12	5 040	-	5 040	-
Short term borrowings	15	57 898 766	97 971 565	57 898 766	48 500 000
Income tax payable	21	29 745 728	25 253 855	29 745 727	7 346 365
		267 679 695	344 657 761	267 679 694	120 261 195
Total liabilities		401 563 980	457 396 492	369 946 726	143 859 492
Total equity and liabilities		2 217 564 240	1 652 319 281	1 401 533 210	389 335 467

Mrs. C. Sandura
Chairperson

Mr. J. Bgoni
Chief Executive Officer

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

		Inflation adjusted		Historical cost	
		2022	2021	2022	2021
	Notes	ZWL	ZWL	ZWL	ZWL
Revenue	17	1 804 033 191	1 230 680 411	1 095 983 108	271 720 054
Fair value gain on financial instruments	9	-	173 795 736	21 616 033	38 594 768
Interest from advances	10	8 494 758	10 408 272	2 114 627	2 962 397
Other income	18	205 746 702	4 896 533	184 338 421	1 179 450
Total income		2 018 274 651	1 419 780 952	1 304 052 189	314 456 669
Operating expenses					
Staff costs	19.1	1 000 833 167	653 216 221	545 507 154	152 980 630
Other operating costs	19.2	786 787 883	512 050 636	518 888 099	120 544 388
Depreciation and amortisation	19.3	28 601 264	55 894 975	15 830 259	12 767 171
Fair value loss on financial instruments	9	345 042 258	-	-	-
Total expenses		2 161 264 572	1 221 161 832	1 080 225 512	286 292 189
Operating (loss) / profit		(142 989 921)	198 619 120	223 826 677	28 164 480
Finance income	20.1	41 016 354	631 841	40 825 250	145 849
Finance costs	20.2	(82 160 348)	(38 338 714)	(70 709 232)	(5 412 489)
Share of results of joint venture	8	-	(4 442 251)	-	(980 347)
Impairment of joint venture	8	(14 457 729)	-	(745 077)	-
Monetary gain		666 264 473	6 466 528	-	-
Profit before tax		467 672 829	162 936 524	193 197 618	21 917 493
Income tax expense	21	(114 708 551)	(61 951 892)	(37 993 148)	(10 506 136)
Profit for the year		352 964 278	100 984 632	155 204 470	11 411 357
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Gain on property revaluation, net of tax		222 221 757	157 231 063	539 125 119	75 665 585
Fair value adjustments on unquoted investment	6	52 169 807	1 515 379	96 629 246	7 166 169
Total comprehensive income for the year		627 355 842	259 731 074	790 958 835	94 243 111
Earnings per share					
Number of shares in issue		102 704	102 704	102 704	102 704
Basic and diluted (ZWL cents per share)		343,671	98,326	151,118	11,111

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Inflation adjusted						
	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Non-distributable reserve ZWL	Mark to market reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2021	153 925	10 888 384	486 513 103	12 008 732	47 384 436	378 243 135	935 191 715
Total comprehensive income for the year	-	-	157 231 063	-	1 515 379	100 984 632	259 731 074
Balance at 31 December 2021	153 925	10 888 384	643 744 166	12 008 732	48 899 815	479 227 767	1194 922 789
Dividend paid	-	-	-	-	-	(6 278 371)	(6 278 371)
Total comprehensive income for the year	-	-	222 221 757	-	52 169 807	352 964 278	627 355 842
Balance at 31 December 2022	153 925	10 888 384	865 965 923	12 008 732	101 069 622	825 913 674	1816 000 260

	Historical cost						
	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Non-distributable reserve ZWL	Mark to money reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2021	1 000	70 739	132 931 477	77 981	10 667 573	7 484 094	151 232 864
Total comprehensive income for the year	-	-	75 665 585	-	7 166 169	11 411 357	94 243 111
Balance at 31 December 2021	1 000	70 739	208 597 062	77 981	17 833 742	18 895 451	245 475 975
Dividend declared	-	-	-	-	-	(4 848 326)	(4 848 326)
Total comprehensive income for the year	-	-	539 125 119	-	96 629 246	155 204 470	790 958 835
Balance at 31 December 2022	1 000	70 739	747 722 181	77 981	114 462 988	169 251 595	1 031 586 484

Consolidated statement of cash flows
for the year ended 31 December 2022

	Notes	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
Cash flows from operating activities					
Profit before tax		467 672 829	162 936 524	193 197 618	21 917 493
Adjustments for:					
Depreciation and amortisation	19.2	28 601 264	55 894 975	15 830 259	12 767 171
Loss/(profit) on disposal of property, plant and equipment	18	-	293 784	-	80 808
Finance income	20.1	(41 016 354)	(631 841)	(40 825 250)	(145 849)
Finance costs	20.2	82 160 348	38 338 714	70 709 232	5 412 489
Impairment of joint venture		(14 457 729)	-	745 077	-
Share of loss from associate		-	4 442 251	-	980 347
Monetary gain		(666 264 473)	(6 466 528)	-	-
Fair value loss or (gain) on financial instruments	9	345 042 258	(173 795 736)	(21 616 033)	(38 594 768)
Increase in provision for expected credit losses		326 904	783 418	882 425	227 897
Net cash inflows from operations		202 065 047	81 795 561	218 923 328	2 645 588
Income taxes paid	21	(10 617 028)	(3 998 907)	(10 617 028)	(1 163 285)
Changes in working capital					
Decrease or (Increase) in trade and other receivables		5 009 463	(58 091 322)	(54 624 020)	(22 775 272)
Increase in trade and other payables		41 402 180	137 619 355	115 615 331	49 246 430
Net cash flows generated from operating activities		237 859 662	157 324 687	269 297 611	27 953 461
Cash flows from investing activities					
Additions to property and equipment	4	(27 275 925)	(65 546 160)	(12 772 579)	(15 596 096)
Invesment in joint ventures	8	-	(4 435 228)	-	(908 064)
Purchase of intangible assets	5	(300 847 119)	(184 791 721)	(198 136 663)	(49 793 296)
Proceeds from disposal of financial instruments	9	374 766 599	621 941 480	251 021 698	101 900 000
Proceeds from disposal of amortised investments	10	-	-	19 602 355	22 226 162
Dividend received	18	2 643 062	2 254 412	1 289 298	492 469
Purchase of financial instruments - FVTPL	9	(697 895 477)	(386 958 063)	(250 000 000)	(75 000 000)
Purchase of armotised cost financial instruments	10	(17 598 222)	(115 231 852)	(6 944 740)	(29 806 753)
Interest income received		41 016 354	631 841	40 825 250	145 849
Net cash flows utilised in investing activities		(625 190 728)	(132 135 291)	(155 115 381)	(46 339 728)
Cash flows from financing activities					
Short-term borrowings	15	65 264 903	68 751 975	20 000 000	20 000 000
Dividends paid		(6 278 371)	-	(4 848 326)	-
Loans repayment	15	(10 601 234)	-	(10 601 234)	-
Finance costs paid	20.2	(82 160 348)	(38 338 714)	(70 709 232)	(5 412 489)
Net cash flows utilised in financing activities		(33 775 050)	30 413 261	(66 158 792)	14 587 511
Net increase/(decrease) in cash and cash equivalents		(421 106 116)	55 602 657	48 023 438	(3 799 245)
Cash and cash equivalents at beginning of the year					12 472 750
Effects of inflation for opening balances of monetary items		447 987 029	(94 704 800)	-	-
Cash and cash equivalents at end of year	12	56 696 943	29 816 030	56 696 943	8 673 505

Group statement of accounting policies
for the year ended 31 December 2022

1 General information

1.1. Nature of business and incorporation

The Zimbabwe Stock Exchange Limited (the "Group") was incorporated on 31 December 2014 (No. 10653/2014) and domiciled in Zimbabwe and is registered under the Companies and Other Business Entities Act (Chapter 24:31). It owns 100% a Victoria Falls Stock Exchange Limited subsidiary which was incorporated on 30 July 2020. The principal nature of business of the Group is to operate a Stock Exchange. The address of its registered office is 44 Ridgeway North, Highlands, Harare. The Companies and Other Business Entities Act (Chapter 24:31) provides the governance framework, capital structure and financial reporting requirements and obligations.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), except for non-compliance with International Accounting Standard ("IAS") 21 - Effects of Changes in Foreign Exchange Rates and IAS 29 - Financial Reporting in Hyperinflationary Economies.

The consolidated financial statements have been prepared under the current cost basis as per the provisions of IAS 29 "Financial Reporting in Hyper-inflationary Economies". The local accounting regulatory board, Public Accountants and Auditors Board (PAAB) proclaimed all financial periods after 1 July 2019 to be reported under the hyper-inflation accounting basis. Therefore, the primary financial statements of the Group are inflation adjusted and historical numbers have been provided as supplementary 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:-

Year ended	Conversion factors	CPI Indices
31 December 2022	1	13,672.91
31 December 2021	3.438	3,977.46

2.2 Functional and presentation currency

These financial statements are presented in Zimbabwe Dollars (ZWL), which is the Group's functional and presentation currency and all values are rounded to the nearest dollar, except when otherwise indicated.

Group statement of accounting policies
for the year ended 31 December 2022

2 Significant accounting policies

2.3 New standards, interpretations and amendments not yet effective

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

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

2.3.1 IFRS 17 — Insurance contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The directors of the entity do not anticipate that the application of the Standard in the future will have an impact on the financial statements.

Amended standards and interpretations

Several amendments and interpretations apply in 2022, but do not have an impact on the financial statements of the company. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.3.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

2.3.3 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments include a definition of 'accounting estimates' as well as other amendments to IAS 8 that will help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction between these two types of changes is important as changes in accounting policies are normally applied retrospectively to past transactions and events, whereas changes in accounting estimates are applied prospectively to future transactions and events.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

Amended standards and interpretations (continued)

2.3.4 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2.3.5 Ammendments to IAS 12 Income Taxes

The amendments require an entity to recognise deferred tax on certain transactions (eg leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. The amendments clarify that the initial recognition exemption set out in IAS 12 'Income Taxes' does not apply and entities are required to recognise deferred tax on these transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

2.3.6 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.
The amendments are not expected to have a material impact on the Group's financial statements.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

Amended standards and interpretations (continued)

2.3.7 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.

Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

2.4 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the Group obtains control. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the: fair values of the assets transferred;

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.4 Consolidation (Continued)

(a) Subsidiaries (continued)

> liabilities incurred to the former owners of the acquired business;
> equity interests issued by the company and its subsidiaries;
> fair value of any asset or liability resulting from a contingent consideration arrangement, and
> fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(b) Investment in associates and joint ventures

The investment in Joint Ventures and Associate are measured using equity accounting.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consisitency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

2.5 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 Group and the cost can be measured reliably.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2.5 Property and equipment (continued)

Recognition and measurement (continued)

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.

Revaluation policy

The directors also apply significant judgment, estimates and assumptions on carrying out the revaluation of property, plant and equipment in line with the policy on revaluation. The directors engage a professional valuer to perform an independent valuation.

In the current year, due to the distortions in the property market and lack of market trends, the valuers have provided a caveat around the use of the valuation.

2.6 Intangible assets

Intangible assets acquired separately are initially measured and recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to profit or loss in the year in which the expenditure is incurred.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.6 Intangible assets (continued)

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and are assessed for impairement whenever there is an indication that the intangible assets are impaired. The

Intangible assets are amortised over a period of 10 years, but are tested for impairment annually. Gains or losses arising from de-recognition or disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised or disposed.

2.7 Provisions

Provisions are recognised in the statement of financial position when the Group 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.

2.8 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.

2.9 Employee benefits

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

2.9.1 Pension obligations

The Group 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 Group pays fixed contributions into a separate entity. The Group 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 Group's contributions to the pension plan are charged to the profit or loss in the period to which the contributions relate.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.9 Employee benefits (continued)

2.9.2 Other short-term benefits (continued)

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

2.10 Income tax

Income tax recognised in profit or loss for the year comprises current and deferred tax.

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.

2.11 Revenue

The Group recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.11 Revenue (continued)

Transaction levy income is based on a percentage of the value of shares traded and is recognised on the dates of the trasactions.
Initial listing income is recognised in the year in which the listing company makes the floatation. Additional listing income is recognised during the year in which the issuing company makes announcement of the bonus or rights issues.

Annual listing fees.
Annual listing fees are chargeable in terms of Statutory Instrument 134 of 2019, and are charged on all listed securies annualy. The listing fees are computed on the basis of the market capitalisation value of listed securities as at 30 November of every year.

Interest income.
Interest income from a financial asset asset is recognised on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Market access fees.
Market access fees are fees charged to members based on brokerage commission they would have earned in the preceeding month.

Administration fees.
Administration fees on advances are fees charged to a supplier on advancement of funds.

Commission on advances.
Commission on advances are fees charged to traders whose funds are advanced to suppliers.

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

Government Grant
Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.12 Financial Instruments

2.12.1 Classification and measurement of financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet it becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).
- After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

2.12.2 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.12 Financial Instruments (continued)

2.12.3 Financial assets at FVTPL

Financial assets are classified into the following specified categories:

- Fair value through profit and loss (FVTPL);
- Fair value through other comprehensive income (FVOCI), or
- Amortised cost (AC)

Financial assets at FVTPL are:

- assets with contractual cash flows that are not Solely Payments of Principal and Interest (SPPI); or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option

Financial assets may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance evaluated on a fair value basis, in accordance with the Group's risk management or investment strategy, and information about the Group is provided initially on that basis, or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39.

Financial instruments, recognition and measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any resultant gain or loss recognised in profit or loss. Interest income from these financial assets is included in interest and related income using the effective interest rate method.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.12 Financial Instruments (continued)

2.12.4 Financial assets at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the solely payments of principal and interest (SPPI) test.

Gains and losses arising from changes in fair value are recognised directly in other comprehensive income in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

The Group made an irrevocable election to measure unquoted investments at fair value through other comprehensive income on initial recognition.

2.12.5 Financial assets at amortised cost

This includes amounts due from banks, loans and other receivables, bills of exchange and debentures with fixed or determinable payments and fixed maturity debts that the Group has the positive intent and ability to hold to maturity. Investments are recorded using the effective interest method less any impairments with revenue being recognised on an effective yield basis.

2.12.6 The Group only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.12 Financial instruments (continued)

2.12.7 Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and de-recognition of financial assets.

2.12.8 Financial liabilities at FVTPL

Either financial liabilities are classified as at 'FVTPL' where the financial liability is held for trading or it is designated as at FVTPL.

2.12.9 De-recognition of financial liabilities

It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

The financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or

It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.12 Financial instruments (continued)

2.12.9 De-recognition of financial liabilities (continued)

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

2.12.10 Other financial liabilities

Other financial liabilities, including payables and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.12.11 Share capital

Ordinary shares are classified as equity.

2.12.12 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.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.12.12 Foreign currency transactions (continued)

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).

2.13 IFRS 13 Fair Value Measurement

Fair value is the '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 market date'. Fair value is a market-based measurement, not an entity-specific measurement. IFRS 13 states that valuation techniques must be those which are appropriate and for which sufficient data are available. The Company maximises the use of relevant observable inputs and minimises the use of unbervable inputs.

3 Significant judgments and estimates

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

The Group 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 2.9 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.

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 Group 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.

Group statement of accounting policies
for the year ended 31 December 2022 (continued)

3 Significant judgements and estimates (continued)

3.3

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

The Group 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 Group 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.

3.4 Going concern assessment

The Group assesses the appropriatenes of the going concern assumption at each of statement of financial position date. This involves making judgements about viability of proposed startegies to turn around the Group, as well as estimation of future cashflows. The process is therefor subjective.

Notes to the consolidated financial statements
for the year ended 31 December 2022

4 Property and equipment

	Inflation adjusted				
	Land and buildings ZWL	Solar Plant ZWL	Equipment (including furniture and fittings) ZWL	Vehicles ZWL	Total ZWL
Net carrying amount at 1 January 2020	**392 409 115**	**14 676 557**	**115 916 133**	**27 922 222**	**160 264 203**
Gross carrying amount - cost/valuation	445 783 061	15 073 200	143 086 691	55 437 258	218 309 650
Accumulated depreciation	(53 373 946)	(396 643)	(27 170 558)	(27 515 036)	(58 045 447)
Additions	-	5 167 870	60 378 290		65 546 160
Revaluation	146 798 933	10 432 130		-	157 231 063
Disposals	-	-	(293 784)	-	(293 784)
Depreciation charge for the year	(1 105 281)	(993 797)	(13 042 854)	(660 562)	(15 802 494)
Net carrying amount at 31 December 2021	**538 102 767**	**29 282 760**	**162 957 785**	**27 261 660**	**757 604 972**
Gross carrying amount - cost/valuation	592 581 994	30 673 200	203 464 981	55 437 258	882 157 433
Accumulated depreciation	(54 479 227)	(1 390 440)	(40 507 196)	(28 175 598)	(124 552 461)
Additions	-	-	27 275 925	-	27 275 925
Revaluation	141 571 792	96 818 763	-	-	238 390 555
Disposals	-	-	-	-	-
Depreciation charge for the year	(27 207)	(1 228 821)	(10 714 223)	(208 546)	(12 178 797)
Net carrying amount at 31 December 2022	**679 647 352**	**124 872 702**	**179 519 487**	**27 053 114**	**1 011 092 655**
Gross carrying amount - cost/valuation	734 153 786	127 491 963	230 740 906	55 437 258	1 147 823 913
Accumulated depreciation	(54 506 434)	(2 619 261)	(51 221 419)	(28 384 144)	(136 731 258)

Land and buildings and the solar plant were revalued as at 31 December 2022 by an independent valuer (Amazon Real Estate Agents (Private) Limited) using the market values to determine the fair value. The market value estimated amounts for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction. The valuation values were done in USD and translated into ZWL using the interbank rate as at date of valuation.

Notes to the consolidated financial statements for the year ended 31 December 2022

4 **Property and equipment (continued)**

	Historical cost				
	Land and buildings ZWL	Solar Plant ZWL	Equipment (including furniture and fittings) ZWL	Vehicles ZWL	Total ZWL
Net carrying amount at 1 January 2021	**68 985 010**	**14 676 567**	**6 011 260**	**588 720**	**90 261 537**
Gross carrying amount - cost/valuation	69 382 148	15 073 200	6 423 856	880 741	92 351 673
Accumulated depreciation				(292 021)	(2 090 136)
Additions	-	5 167 870	10 428 226	-	15 596 096
Revaluation	80 265 822	10 432 130	-	-	90 697 952
Disposals	-	-	(80 808)	-	(80 808)
Depreciation charge for the year	(249 167)	(993 797)	(2 328 836)	(147 180)	(3 718 980)
Net carrying amount at 31 December 2021	**149 001 665**	**29 282 760**	**14 029 832**	**441 540**	**192 755 797**
Gross carrying amount - cost/valuation	149 647 970	30 673 200	16 771 274	880 741	197 973 185
Accumulated depreciation	(646 305)	(1 390 440)	(2 741 442)	(439 201)	(5 217 388)
Additions	-	-	12 772 579	-	12 772 579
Revaluation	515 998 335	96 818 763	-	-	612 817 098
Disposals	-	-	-	-	-
Depreciation charge for the year	(14 990)	(1 228 821)	(5 148 733)	(110 361)	(6 502 905)
Net carrying amount at 31 December 2022	**664 985 010**	**124 872 702**	**21 653 678**	**331 179**	**811 842 569**
Gross carrying amount - cost/valuation	665 646 305	127 491 963	29 543 853	880 741	823 562 862
Accumulated depreciation	(661 295)	(2 619 261)	(7 890 175)	(549 562)	(11 720 293)

Land and buildings and the solar plant were revalued as at 31 December 2022 by an independent valuer (Amazon Real Estate Agents (Private) Limited using the market values to determine the fair value. The market value estimated amounts for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction. The valuation values were done in USD and translated in ZWL using the interbank rate as at date of valuation.

**Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)**

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
5 Intangible assets				
Net carrying amount at 1 January 2021	**613 500 720**	**468 801 480**	**118 235 118**	**77 490 014**
Gross carrying amount - Cost	803 682 325	618 890 604	129 902 214	80 108 919
Accumulated amortisation	(190 181 605)	(150 089 124)	(11 667 096)	(2618 905)
Additions	300 847 119	184 791 721	198 136 663	49 793 295
Revaluation	25 900 000	-	-	-
Amortisation charge for the year	(16 422 467)	(40 092 481)	(9 327 354)	(9 048 191)
Net carrying amount at 31 December 2022	**923 825 372**	**613 500 720**	**307 044 427**	**118 235 118**
Gross carrying amount - Cost	1 130 429 444	803 682 325	328 038 877	129 902 214
Accumulated amortisation	(206 604 072)	(190 181 605)	(20 994 450)	(11 667 096)

Included in intangible assets are internally developed online trading platform systems, ZSE and VFEX Direct with infinite useful life, which provides retail investors with a smart way to manage their investments.

6 Unquoted investments

	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
Balance at the beginning of the year	62 698 471	61 183 091	18 239 031	11 072 862
Fair value adjustments through other comprehensive income	52 169 807	1 515 379	96 629 246	7 166 169
Balance at the end of the year	114 868 277	62 698 471	114 868 277	18 239 031

The Group 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 ZWL 114 868 277 as at 31 December 2022.

**Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)**

7 Deferred tax

Analysis of deferred tax:				
Property and equipment	129 381 313	98 898 551	97 764 060	19 572 179
Leave pay provision	3 662 800	13 646 935	3 662 800	3 969 903
Allowance for credit losses	840 172	193 245	840 172	56 215
	133 884 285	112 738 731	102 267 032	23 598 297
Deferred tax reconciliation				
Balance at beginning of the year	112 738 731	33 852 871	23 598 297	5 546 041
Recognised in statement of profit or loss	4 976 756	36 217 179	4 976 756	3 019 889
Recognised in other comprehensive income	16 168 798	42 668 681	73 691 979	15 032 367
Balance at the end of the year	133 884 285	112 738 731	102 267 032	23 598 297

8 Investment in Joint Venture

Investment in Zimbabwe Receivables Marketplace (Private) Limited				
Balance at the beginning of the year	14 457 729	14 464 752	745 077	817 360
Share of losses	-	(4 442 251)	-	(980 347)
Impairment of investment	(14 457 729)	-	(745 077)	-
Additional investment	-	4 435 228	-	908 064
Balance at the end of the year	-	14 457 729	-	745 077

During the year, management decided to discontinue investment in the joint venture. The business model has become unstainable in the obtaining environment. The whole investment was impaired with no recoverable amount.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
9 Financial assets at fair value through profit or loss				
Opening balance	59 946 070	31 736 190	17 438 356	5 743 588
Purchase of financial instruments	697 895 477	386 958 063	250 000 000	75 000 000
Withdrawal or disinvestment	(374 766 599)	(532 543 919)	(251 021 698)	(101 900 000)
Fair value adjustments through profit or loss	(345 042 258)	173 795 736	21 616 033	38 594 768
Closing balance	38 032 690	59 946 070	38 032 691	17 438 356

Financial assets at fair value through profit or loss at year end is made up of equities and unit trusts.

10 Financial assets at amortized cost

Opening balance	36 242 563	-	10 542 988	-
Capital advanced	17 598 222	115 231 852	6 944 740	29 806 753
Withdrawal or disinvestment	(62 335 543)	(89 397 561)	(19 602 355)	(22 226 162)
Interest accrual through profit or loss	8 494 758	10 408 272	2 114 627	2 962 397
	-	36 242 563	-	10 542 988

Financial assets at armotised cost represent advances to Zimbabwe Receivables Market Place Limited. The advances bear interest at a rate that is determined by market. Due to changes in the economic environment and sub-economic interest rates, the company stopped making capital advances in ZRM.

11 Trade and other receivables

Trade receivables				11 354 596
Allowance for credit losses	(1 110 322)	(783 418)		(227 897)
Net trade receivables	36 167 821	38 249 127	36 167 821	11 126 699
Staff loans	15 071 866	-	15 071 866	-
Prepaid expenses	21 803 576	39 803 599	21 803 576	11 578 896
Balance at the end of the year	73 043 263	78 052 726	73 043 263	22 705 595

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL

11 Trade and other receivables (continued)

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

Allowance for expected credit losses

	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
Opening balance	783 418	-	227 897	-
Movement for the year	326 904	783 418	882 425	227 897
Closing balance	1 110 322	783 418	1 110 322	227 897

The Company uses the simplified approach for calculation of expected credit losses which is more suitable for trade receivables and contract assets under IFRS 15 without significant financing component. The expected credit losses are be calculated using the provision matrix, which calculates the expected credit losses by applying the default rate percentage to a certain group of assets.

12 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes the following:

	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
Cash at bank	56 701 983	29 816 030	56 701 983	8 673 505
Bank overdraft	(5 040)	-	(5 040)	-
	56 696 943	29 816 030	56 696 943	8 673 505

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

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
13 Share capital and premium				
Authorised share capital				
6 000 000 ordinary shares of $0.01 each	1 671 415	1 671 415	60 000	60 000
Issued share capital				
102 704 ordinary shares of $0.01 each	44 777	153 925	1 000	1 000
Share premium	3 167 439	10 888 384	70 739	70 739
Balance at the end of the year	3 212 216	11 042 309	71 739	71 739

The total number of authorised ordinary shares is 6 million (2021: 6 million) with a par value of ZWL 0.01 per share. The issued shares are 102 704 (2021: 102 704) 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 and Other Business Entities Act (Chapter 24:31) and the Articles and Memorandum of Association of the Company.

14 Reserves

14.1 Non-distributable reserves

	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
Non-distributable reserves	12 008 732	12 008 732	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.

14.2 Revaluation reserve

	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
Opening balance	643 744 166	486 513 103	208 597 062	132 931 477
Movement during the year	222 221 757	157 231 063	539 125 119	75 665 585
Closing balance	865 965 923	643 744 166	747 722 181	208 597 062

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
14.3 Mark to market reserve				
Opening balance	48 899 815	47 384 436	17 833 742	10 667 573
Movement during the year	52 169 807	1 515 379	96 629 246	7 166 169
Closing balance	101 069 622	48 899 815	114 462 988	17 833 742

This relates to fair valuation of investment in Chengetedzai Depository Company ("CDC"), an unquoted entity.

15 Short-term borrowings

15.1 Short-term borrowings	Balance 2022 ZWL	Balance 2021 ZWL	Balance 2022 ZWL	Balance 2021 ZWL
Opening balance	97 971 565	29 219 590	48 500 000	28 500 000
Facility drawdown	65 264 903	68 751 975	20 000 000	20 000 000
Loans repayment	(10 601 234)	-	(10 601 234)	-
Effects of inflation	(94 736 468)	-	-	-
Closing balance	57 898 766	97 971 565	57 898 766	48 500 000

The loan classified as short term borrowings refers to a facility obtained from the Group's bankers FBC bank. The loan is for one year with interest accumulating at a rate of 60% and 212.5% per annum from July 2022.

16 Trade and other payables

Trade creditors	52 462 759	56 486 788	52 462 759	16 432 048
Payroll liabilities	50 640 567	99 745 727	50 640 567	29 016 105
Accruals and other payables	76 926 835	65 199 826	76 926 835	18 966 677
	180 030 161	221 432 341	180 030 161	64 414 830

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

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

		Inflation adjusted		Historical cost	
		2022	2021	2022	2021
		ZWL	ZWL	ZWL	ZWL
17	**Revenue**				
	Trading levies	455 792 602	538 054 900	283 732 187	131 129 158
	Depository levies	107 426 440	11 206 908	62 255 788	3 168 595
	Annual listing fees	903 511 047	496 500 368	532 667 601	95 321 312
	Initial listing fees	34 737 898	1 463 231	16 627 761	425 655
	Special trading fees	-	49 264 152	-	12 041 467
	Index fees	418 857	683 492	304 548	198 828
	Space advertising	2 135 890	1 510 766	727 000	304 400
	Automated trading system market access fees	35 161 816	21 152 844	22 902 462	4 978 473
	Corporate action and document review fees	36 384 648	25 897 942	30 673 209	6 274 490
	Members subscription fees	29 533 829	36 036 662	21 229 907	5 456 853
	Non-member institution subscription fees	13 047 781	13 007 374	7 003 087	4 189 550
	Data vending	24 613 428	22 559 769	14 554 178	5 064 892
	Operation fees	46 187 002	5 583 584	43 413 781	1 291 537
	Training services	51 621 714	2 441 317	12 402 536	510 955
	ZSE direct commissions	10 578 104	5 317 102	5 402 584	1 363 889
	Security pledge administration fees	49 377 550	-	38 639 035	-
	Fintech - Systems Integration	3 504 585	-	3 447 443	-
		1 804 033 191	1 230 680 411	1 095 983 108	271 720 054
18	**Other income**				
	Miscellaneous income	486 000	2 642 121	467 000	687 041
	Dividend received	2 643 062	2 254 412	1 289 298	492 409
	Governent grant	202 617 640	-	182 582 123	-
		205 746 702	4 896 533	184 338 421	1 179 450

The Group received a Government grant of USD350 000 for the implementation of the market surveillance system. There are no unfulfilled conditions or contingencies attached to the grant. The market surveillance system has since gone live from the 28th of February 2023.

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
19 Operating profit				
Operating profit is stated after taking				
19.1 Staff costs				
Salaries and allowances	515 640 371	419 607 455	277 259 801	97 050 937
Staff bonus	75 644 982	49 392 437	48 181 517	14 368 296
Other staff costs	273 041 468	76 021 056	173 492 805	17 225 248
Leave pay expenses	71 596 051	72 513 241	2 345 659	16 059 480
Medical aid	45 938 276	27 928 205	31 969 735	6 485 146
Social security costs	13 526 935	4 729 979	8 965 417	1 079 658
Pension fund administration fees	5 445 084	3 023 848	3 292 220	711 865
	1 000 833 167	653 216 221	545 507 154	152 980 630
19.2 Other operating costs				
Computer maintenance and systems support	54 291 173	37 818 346	33 280 635	8 852 496
Annual report	8 060 625	649 930	6 604 005	149 820
Audit fees	15 584 675	8 357 768	7 612 822	1 822 701
Bank charges	40 676 490	26 107 247	26 160 330	5 944 039
Board sitting fees	55 417 923	40 379 479	37 995 608	10 757 915
Marketing & business development costs	52 329 074	75 585 380	30 223 802	17 278 006
Teas/cleaning and general office expenses	16 977 566	17 181 209	10 620 859	2 772 163
Consultancy and professional fees	11 742 809	16 346 270	9 319 285	3 610 226
Entertainment and gifts	7 162 798	9 229 616	5 523 363	2 457 169
Insurance	17 725 014	11 843 975	11 434 499	2 819 260
Investor education and promotion	1 392 276	-	886 800	-
Balance carried forward	281 360 423	243 499 220	179 662 008	56 463 795

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
19.2 Other operating costs (continued)				
Balance brought forward	**281 360 423**	**243 499 220**	**179 662 008**	**56 463 795**
Legal fees	6 345 318	3 670 283	2 970 577	1 009 547
Management fees	1 006 455	-	329 985	-
Motor vehicle - fuel and oil	44 221 518	7 839 100	31 225 965	1 964 964
Printing/stationery	7 128 837	2 286 598	4 285 014	566 974
Allowance for credit losses	1 110 322	783 418	1 110 322	227 898
Bad debts written off	197 856	-	197 856	-
Recruitment expenses	1 059 732	2 610 564	664 952	575 744
Premises costs	58 811 520	31 620 338	40 094 003	7 175 694
Staff training/professional development	2 756 236	6 128 544	1 493 115	1 383 983
Staff welfare	1 794 070	6 136 942	881 408	1 380 633
Statutory levies	28 003 468	17 252 951	14 829 652	3 943 267
Subscription, membership/publications fees	17 349 699	4 003 225	10 851 456	983 408
Telephone and other communication expenses	36 957 129	17 156 650	27 194 431	4 306 693
Other operating expenses	298 685 300	169 062 803	203 097 355	40 561 788
	786 787 883	512 050 636	518 888 099	120 544 388
19.3 Depreciation and amortisation				
Buildings	27 207	1 105 281	14 990	249 167
Equipment (including furniture and fittings)	11 943 044	14 036 651	6 377 554	3 322 633
Vehicles	208 546	660 562	110 361	147 180
Automated trading system - Software licence	16 422 467	40 092 481	9 327 354	9 048 191
	28 601 264	55 894 975	15 830 259	12 767 171

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
20 Finance costs and interest income				
20.1 Finance income				
Interest on short-term fixed deposits & staff loans	41 016 354	631 841	40 825 250	145 849
20.2 Finance costs				
Interest paid - short term borrowings	82 160 348	38 338 714	70 709 232	5 412 489

Interest paid relates to short term borrowings from an overdraft facility and short term loan facility of ZWL$68 500 000.

	Inflation adjusted 2022 ZWL	Inflation adjusted 2021 ZWL	Historical cost 2022 ZWL	Historical cost 2021 ZWL
21 Income tax expense				
Current tax	109 731 795	25 734 713	33 016 392	7 486 247
Deferred tax	4 976 756	36 217 179	4 976 756	3 019 889
	114 708 551	61 951 892	37 993 148	10 506 136
Tax rate reconciliation				
Profit before tax	467 672 829	162 936 524	193 197 618	(821 893 223)
Income tax charge at 24.72%	115 608 723	23 282 420	47 758 451	(203 172 005)
Tax effect of:				
Non-deductible expenses	246 532 798	56 798 544	34 893 338	15 229 474
Non-taxable items	(247 432 970)	(18 129 072)	(44 658 641)	(10 141 343)
	114 708 551	61 951 892	37 993 148	10 506 136

Notes to the financial statements
for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
21 Income tax expense (continued)				
Income tax payable/(refundable)				
Balance at beginning of year	25 253 855	5 654 812	7 346 365	1 023 403
Charge to profit or loss	109 731 795	25 734 713	33 016 390	7 486 247
Taxes paid	(10 617 028)	(3 998 907)	(10 617 028)	(1 163 285)
Effects on inflation	(94 622 894)	(2 136 763)	-	-
Balance at the end of the year	29 745 728	25 253 855	29 745 727	7 346 365

22 Related parties

22.1 Investment in joint venture

The company has a 50% interest in Zimbabwe Receivables Marketplace (Private) Limited, a joint venture whose principal activity is invoice discounting. The Company's interest in Zimbabwe Receivables Marketplace is accounted for using the equity method in the financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the financial statements are set out below;

Summarised statement of financial position for the of Zimbabwe Receivables Marketplace as at 31 December 2022

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Assets				
Property and equipment	-	5 088 231	-	802 249
Intangible assets	-	13 471 747	-	2 173 302
Deferred tax asset	-	480 635	-	676 306
Trade and other receivables	-	5 568 673	-	1 619 931
Cash and cash equivalents	-	1 841 896	-	535 809
Less liabilities	-	(12 626 077)	-	(3 672 935)
Equity		13 825 105	-	2 134 662
Company' share in equity - 50%	-	**6 912 553**	-	**1 067 331**

Summarised statement of profit or loss of Zimbabwe Receivables Marketplace (Private) Limited.

Revenue	-	8 133 847	-	2 075 276
Cost of sales	-	(528 452)	-	(145 394)
Administrative expenses	-	(16 788 583)	-	(3 890 575)
Monetary gain/(loss)	-	298 686	-	-
(Loss)/profit before tax	-	(8 884 502)		(1 960 693)
Company's share of loss for the year	-			

Notes to the financial statements
for the year ended 31 December 2022 (continued)

	Inflation adjusted		Historical cost	
	2022	2021	2022	2021
Related parties (continued)	ZWL	ZWL	ZWL	ZWL
22.2 Balances with related parties				
Entity		**Value of transactions**		
Zimbabwe Receivables Marketplace (joint venturer)	-	2 442 063	-	2 442 063

23 Key management personnel compensation

Salaries and other short term employee benefits	657 659 734	328 655 873	361 608 646	77 622 207
Pension contributions	46 601 797	25 607 742	25 623 604	5 996 707
	704 261 531	354 263 615	387 232 250	83 618 914

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These include the Chief Executive Officer, Chief Finance Officer, Head of Business Development, Head of Trading, Head of Depository, Internal Audit Manager, Head of ICT and Head of Compliance and Company Secretary.

24 Financial risk management

24.1 Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group 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 Group's risk managemet policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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 Group is exposed to the following principal risks arising from financial instruments:

- Credit Risk;
- Liquidity risk;
- Market risk;
- Price risk; and
- Interest rate risk.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

24 Financial Risk Management (continued)

24.2 Credit Risk

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

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

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

24.3 Cash and cash equivalents

The Group held cash and cash equivalents of ZWL 56 696 943 at 31 December 2022 (2021 : ZWL 29 816 030) 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.

24.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or anotherfinancial asset. The Group'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 Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketables securities.
A maturity analysis of financial instruments as at 31 December 2022 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	56 701 983	-	-	56 701 983
Trade and other receivables	73 043 263	-	-	73 043 263
Financial assets at fairvalue through profit or loss	-	38 032 691	-	38 032 691
Total assets	129 745 246	38 032 691	-	167 777 937
Liabilities				
Trade and other payables	180 030 161	-	-	180 030 161
Bank overdraft	5 040	-	-	5 040
Short term borrowings	-	57 898 766	-	57 898 766
Income tax payable	-	29 745 727	-	29 745 727
Total liabilities	180 035 201	87 644 493	-	267 679 694
Liquidity gap	(50 289 955)	(49 611 802)	-	(99 901 757)
Cumulative liquidity gap	(50 289 955)	(99 901 757)	(99 901 757)	(99 901 757)

Notes to the financial statements
for the year ended 31 December 2022 (continued)

24.5 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 Gropu'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 Group uses a range of tools such as sensitivity analysis to manage its exposure to market risk.

24.6 Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market.

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

24.8 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group'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 2022. The Group monitors capital on the basis of the capital adequacy directive by the regulator, the Securities and Exchange Commission of Zimbabwe.

25.8 Fair values of financial assets and liabilities

IFRS 13 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 Group'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 2022 (continued)

25 Retirement Benefits Plans

25.1 Zimbabwe Stock Exchange Pension Fund

Pension funds are provided for employees to a separate fund to which the Group contributes. The fund is independently administered and insured by ZB Life Assurance Limited. The Group's contributions during the year amounted to ZWL 62 040 315 (2021: ZWL 11 460 479).

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). The Group's contributions during the year amounted to ZWL 45 938 276 (2020: ZWL 4 729 979).

26 Going concern assesment

The Group reported a negative working capital of ZWL 99 901 759 (2021: ZWL 60 900 751), which was mainly attributable to the short - term borrowings disclosed in note **NOTE 15**, that were subsequently cleared. The Directors believe that the Group is still a going concern in the foreseeable future. The belief is based on the fact that subsequent to year end, the Group is now in a net current asset position and has it's improved liquidity position hence as a result of the aforementioned factors, the financial statements have been prepared on a going concern basis.

27 Events after the reporting period

In August 2022, the Company received a Government Grant of USD 350 000 for the implementation of the market surveillance system. The market surveillance system has since gone live from the 28th of February 2023.

28 Approval of financial statements

The consolidated financial statements were approved by the Board of Directors for issue on 26 April 2023.