ZIMBABWE **ASSET MANAGEMENT** CORPORATION
(PRIVATE)LIMITED

ANNUAL REPORT

31 December 2019

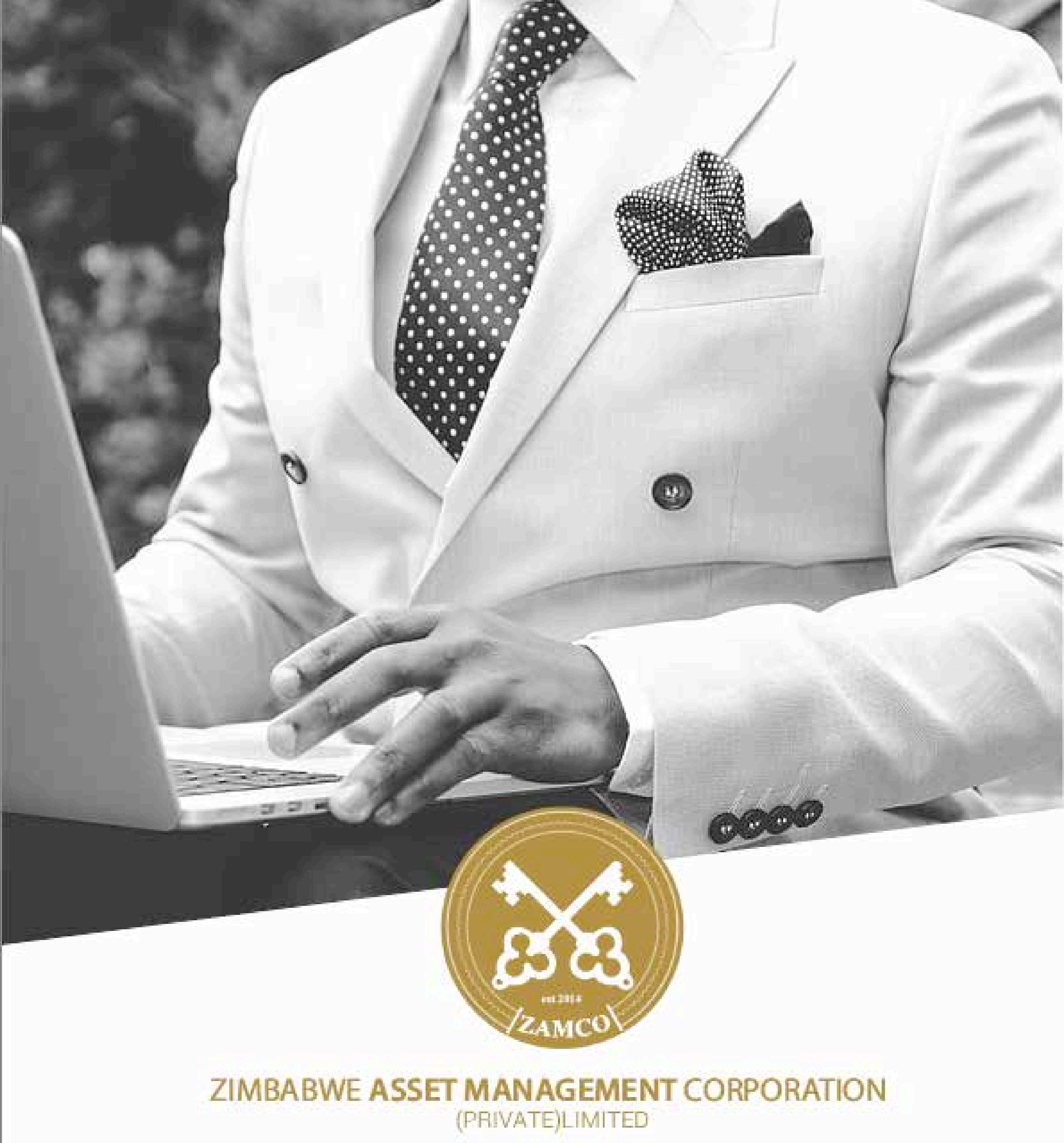

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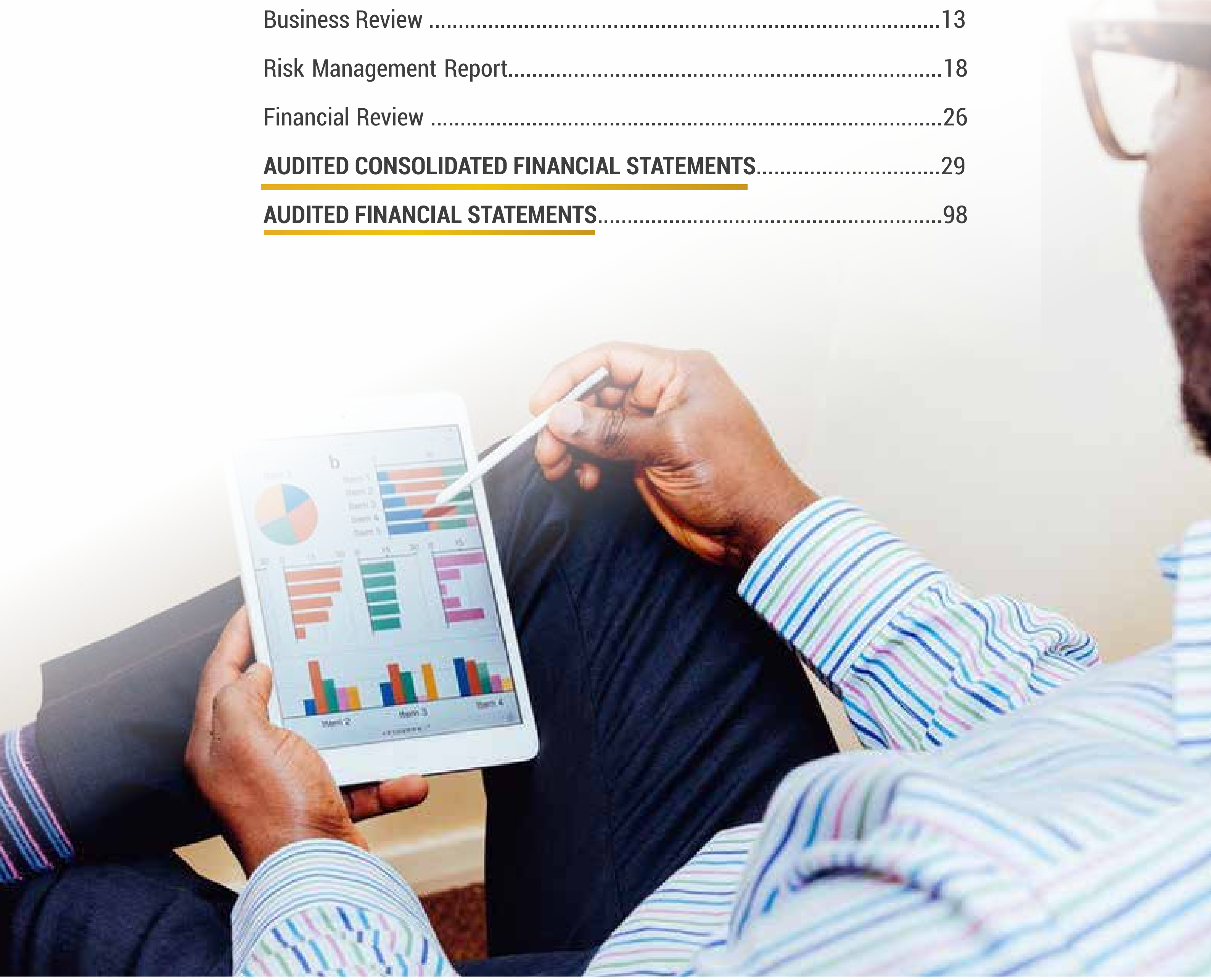
Table *of* Contents

Page



VISION, MISSION AND VALUES

VISION
To be an intergral player in value preservation and stabilization of the Zimbabwean economy.

MISSION
Committed to value preservation and enhancement in the Zimbabwean economy by:

* Assisting banks to focus on their core mandate through freeing up key resources tied in Non-Performing Loans(NPL)
* Effectively resolving acquired NPLs
* Extracting maximum value from NPLs and/or underlying assets
* Resuscitation of distressed companies

VALUES
* Integrity
* Innovation
* Team-work
* Accountability
* Decisiveness
* Confidentiality

BART MSWAKA I **CHAIRMAN**

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the consolidated annual accounts and report for Zimbabwe Asset Management Corporation (Private) Limited (ZAMCO), and its subsidiary Starafrica Corporation Limited for the financial year ended 31 December 2019.

ZAMCO remains the majority shareholder in **Starafrica Corporation** having acquired the sugar making entity's debt from various banks and thereafter concluding a debt to equity swap to clean up the company's balance sheet and turn around its fortunes.

Operating Environment

The year 2019 remained a challenging period for the economy as a whole. Climate change and the effects of Cyclone Idai depressed yields on the agricultural front. An agricultural clientele whose sources of income remain largely hinged in the sector, continues to dominate ZAMCO's portfolio. This renders 43% of the loan book under huge strain if performance in agriculture remains subdued. Other strategic sectors such as manufacturing and mining performed better overall due to improved demand.

The effects of inflation were pivotal in ZAMCO's performance during the period under review as it pioneered the increased revenues overall, resulting in significant resolutions and collections. During the year, we delivered consistently on our priorities of restructuring loans, resolving via debt to asset swaps and collections; and increasing shareholder value through honouring our Treasury Bill obligations. The increased cashflow movement allowed ZAMCO to set out on new projects to increase value for the Corporation.

Operations Review

The Corporation continues in (or on) its prime mandate of resolving non-performing loans. While the environment remains marred by various economic challenges, ZAMCO is steeped in its thrust to implement and achieve its goals by continually adapting to the volatile landscape. Strong overall performance during the year under review is evidence to this assertion..

During the year ended 31 December 2019, the Corporation resolved loans with an acquired value of $174.55 million, bringing the total resolved NPLs to $426.02 million since the beginning of the resolution phase in April 2017. Major milestones attained have seen our resolutions split as 49% cash resolutions and 51% non-cash resolutions. Non-cash resolutions have greatly contributed to our income generating assets through debt to asset swaps.

The total resolved NPLs represented 35.66% of acquired NPLs as at 31 December 2019, which is an imposing resolution rate in terms of international best practices. ZAMCO continues to be a shining beacon in the financial services sector, achieving its core mandate with pure distinction coupled with a high level of professionalism

Changes in the Board

Mr John Chikura resigned on the 31st of August and a new member, Mr Vusilizwe Vuma, joined the Board on the 1st of September 2019. Sadly prior to the publication of this annual report we also lost Mr Norman Mataruka who had been an invaluable member of the ZAMCO Board. May his soul rest in peace.

Acknowledgements

We applaud the efforts of the Governor and the Reserve Bank of Zimbabwe together with various stakeholders for the pivotal role they played towards the achievement of ZAMCO's mandate. In like manner, we appreciate the Board for its tireless efforts in implementing strategies designed for the year.

The Board would like to register its appreciation to the hard working ZAMCO management and employees who are the reason for the Corporation's sterling performance recorded during the year under review.

Bart Mswaka
Chairman

Dr Cosmas Kanhai

CEO's MESSAGE

The Corporation continues to make significant progress towards full resolution of its book of non-performing loans. During the period under review, we intensified recovery efforts and, increased client engagement efforts, which saw the year 2019 producing impressive collection figures. The Corporation also managed to acquire its last portfolio of non-performing loans from the banking sector during the year under review. The focus for ZAMCO now rests on resolution of all NPLs that it acquired since its inception.

Operating Environment

Several economic challenges, riding on the back of policy changes and drought from the previous year, ever-rising inflation, foreign currency shortages and liquidity challenges, riddled the year 2019. The country's economic climate saw an extreme rise in the prices of goods and by mid-July 2019, the rate of inflation increased 175%. This followed the promulgation of SI 142/2019, which introduced the Zimbabwean dollar and banned the use of all foreign currency as legal tender.

Also of significance was Cyclone Idai in March 2019, which led to prolonged drought, increased livestock diseases and currency shortages, thereby, reducing the availability of inputs. All this greatly affected the country's economic stability which is largely agro-based and in turn, ZAMCO whose NPL book is predominantly debtors in the agricultural sector (i.e. 43% of acquired NPLs).

Despite the general decline in the country's economy, the fluctuation of the exchange rate created a positive opportunity for some debtors who had access to foreign currency, whose value continued to increase on the exchange market. This resulted in a spike in the Corporation's collections in the final half of the year under review.

Resolution Phase

Carrying on from the strategic plan that we set out in the year 2018, ZAMCO's main aim remains to resolve NPL's assumed during the acquisition phase. This, the Corporation achieves through the implementation of various recovery strategies. Management set an internal collection target for the year under review and, the Corporation was pleased to record collections that exceeded the target by 39%.

Highlights

* Total collections for the year amounted to $197.77 million through cash settlements and debt to asset swap transactions.

* Resolved loans (i.e. fully paid-off loans) amounting to $174.55 million for the year brought the total resolved NPLs to $426.02 million since the beginning of the resolution phase in April 2017.

* ZAMCO concluded the acquisition of additional NPLs amounting to $60.4 million during the year under review. (These NPLs had been approved for take over in September 2018)

* The Corporation was able to meet all its Treasury Bills obligations as well as maturities of some short dated TBs using collections from borrowers in the loan book. ZAMCO was able to meet a total of $53 million in Treasury Bills obligations during the year under review.

* The Corporation continues to handover defaulting borrowers to lawyers for litigation and foreclosure proceedings.

The Central Bank reported that total NPLs that remained in the banking sector at the close of the year under review amounted to $222 million, representing an NPL ratio of 1.75%. This in itself speaks to the Corporation's success in unburdening the banking sector of non-performing loans. We remain positive that we will reach a recovery rate of +70% by the end of the Corporation's lifetime and continue to strive towards reaching this difficult but certainly attainable goal.

Outlook and appreciation

ZAMCO's ultimate goal remains to resolve NPLs in its book by implementation of several recovery strategies that are at its disposal. While the operating environment is often unstable and the borrowers naturally pose difficulties, we are confident that we will maximise recovery in the coming year and continue to meet and exceed targets, both internal and those set for us by the Shareholder..

On behalf of management, I convey my gratitude to the Governor of the Central Bank, Dr J. P. Mangudya, for his continued support to the Corporation.

I also wish to extend my warm gratitude to all our employees for their hard work, loyalty and unending positivity even in the most trying times.

Lastly, I express my utmost gratitude to the Board of Directors for their guidance and insight.

Dr. Cosmas Kanhai

CORPORATE GOVERNANCE

2019 BOARD *of* DIRECTORS

GOVERNANCE AND COMPLIANCE

1. The Corporation continues to conform in all material respects, with all the laws and regulations governing its operations.

THE BOARD

2. The responsibility for the governance of the Corporation lies with the Board of Directors, which is ultimately accountable to the Shareholder. The Board Charter, which sets out the terms of reference of the Board, regulates the procedures and business of the Board.

3. The Board sets the direction of the Corporation, through the establishment of strategies, objectives and key policies. The Board also monitors the implementation of these policies through a structured approach to reporting and accountability.

4. The Board is committed to the principles of openness, integrity and accountability. It recognises the developing nature of corporate governance and assesses its compliance with local and international generally accepted corporate governance practices on an ongoing basis through its various subcommittees.

Board Meetings

5. The Board meets at least quarterly to evaluate performance, assess risks and shape the strategic direction of the Corporation.

6. As at 31 December 2019, the Board comprised of ten members drawn from various sectors. The Board Chair is an Independent non-Executive Director.

Board Attendance

Name	Meetings held				
	1	2	3	4	5
Bartholomew Mswaka (Chairman)**	A	√	√	√	√
Norman Mataruka*	A	√	A	A	√
Azvinandaa Saburi*	√	A	√	A	√
Edwin Zvandasara*	√	A	√	√	√
Dr Jesimen Chipika*	A	√	√	√	√
Sijabuliso Thabani Biyam**	A	√	√	√	√
Demetri Psillos**	√	√	√	√	√
Richard Godfrey Muirimi**	√	√	A	√	√
John Chikura**	√	√	√		
Vimbai Nyemba**	√	√	√	√	√
V Vuma**				A	√

Key

√ **Present**
A **Apologies**
***** **Non-Executive Director**
****** **Independent Non-Executive Director**

Director Changes during the period:

7. John Chikura retired on 31 August, 2019

8. Vuzilizwe Vuma appointed on 01 September, 2019

Appointees to the Starafrica Board

9. As a majority shareholder, ZAMCO has two members from its own Board to represent its interests on the Starafrica Board. The two appointees are Vimbai Nyemba (Mrs) and John Chikura.

BOARD COMMITTEES

10. Three Standing Committees, the Credit, Investments & Debt Restructuring Committee; Audit, Risk & Oversight Committee and the Human Resources Committee, assist the Board in the discharge of its roles and responsibilities.

11. These committees have their clearly defined terms of reference setting out their roles, responsibilities, and functions and reporting procedures to the Board.

Credit, Investment & Debt Restructuring Committee

12. The Committee plays a critical role by advising the Board on credit policy and is the decision - making authority responsible for the approval and rejection of credit applications, restructuring proposals and investments decisions.

13. The principal activities of the Credit, Investment & Debt Restructuring Committee during the year under review were:-

- Reviewing and considering credit reports and restructuring proposals for acquired NPLs;
- Assessing and reviewing update reports on NPLs under evaluation, resuscitated companies, property projects and resolved NPL's; and
- Ensuring that the systems in place in the acquisition, management and administration of NPLs are effective, efficient and appropriate.

Name	Meetings Held				
	1	2	3	4	5
R.G. Muirimi (Chairman)	√	√	√	√	√
D. Psillos	√	√	A	A	√
S.T. Biyam	√	√	√	√	√
N. Mataruka	√	√	√	√	√
A. Saburi	A	A	√	A	√
B. Mswaka	√	√	√	A	√
V. Nyemba	√	A	√	A	] √

Audit, Risk & Oversight Committee

14. The Principal activities of the Committee during the year under review were:
    - Considering management accounts sent for review;
    - Reviewed the external auditors' Audit results and report to management and
    - Reviewed the Internal Audit Plan.

Name	Meetings Held			
	1	2	3	4
J.M. Chikura - Chairman	√	√	√	
E.M. Zvandasara	√	√	A	√
S.T. Biyam	√	√	A	√
V. Nyemba	√	A	A	√
Dr JT Chipika	A	A	√	√

Human Resources Committee

15. The Committee is responsible for ensuring effective human resources policies and strategies, overseeing the Corporation's recruitment process, periodically reviewing salaries and incentives for staff in order to attract and retain the services of key employees, reviewing employment agreements and severance agreements and the competitiveness of the Corporation's remuneration policies.

16. The Committee also oversees the Corporation's plans for management succession and development, reviews and where significant, reports to the Board on best practices, trends, new technologies and current emerging public policy issues in HR matters.

Name	Meetings Held			
	1	2	3	4
B. Mswaka (Chairman)	√	√	√	√
A. Saburi	A	√	√	√
N. Mataruka	√	√	√	√

EXECUTIVE MANAGEMENT

“From left to right– Daisy Zinyemba, Head Legal & Compliance; Ruth Chirambadare, Head Credit & Operations; Tatenda Muzariri, Head Finance & Admin ; Dr Cosmas Kanhai, Chief Executive Officer; Edson Shangu, Head Investments & Asset Management; Webster Madera, Company Secretary

BUSINESS REVIEW: ZAMCO

INTRODUCTION

1. The main focus of the Corporation in the year under review has been to implement various strategies to ensure that borrowers make repayments on the outstanding loans.

2. In the two and half years since the commencement of its Resolution Phase in April 2017, ZAMCO has made very significant strides towards resolving its non-performing (NPL) book. Following the implementation of various strategies to recover and collect on non-performing loans in the prior years, the year 2019 witnessed deliberate intensive client engagement and nationwide travel blitzes with a view to ensuring heightened recovery efforts. Consequently, therefore, the year was a year of impressive collections from a cross section of the entire economy.

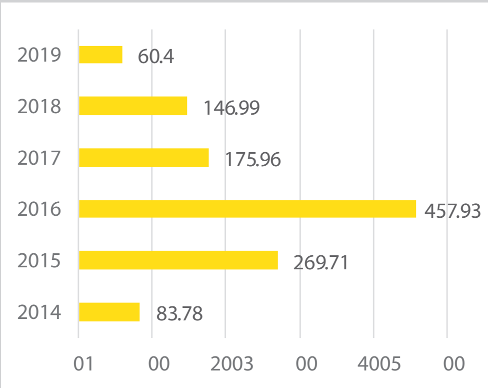
3. During the year under review, the Corporation also acquired its last portfolio of loans from the banking sector and, ZAMCO has since stopped acquiring NPLs from banks.

ACQUIRED NPL PORTFOLIO

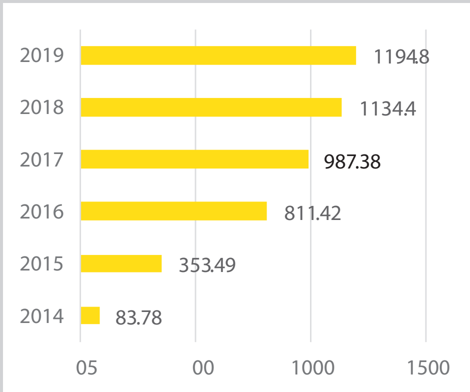
4. 4. During the year under review, ZAMCO acquired additional NPLs amounting to $60.4 million, an increase of 5.3% from $1.13 billion as at 31 December 2018 to $1.19 billion as at 31 December 2019. This batch of NPLs acquired in 2019 was already approved in 2018 prior to the directive by the Minister of Finance & Economic Development for ZAMCO to stop further acquisitions of NPLs. The Minister of Finance gave the relevant authority to acquire this portfolio..

5. The diagram below shows ZAMCO's NPL acquisitions from inception in 2014 up to 31 December 2019:

Yearly Acquisitions ($' Millions)



Cumulative Acquisitions ($' Millions)



6. New acquisitions during the year 2019 decreased 59% to $60.4 million from a comparative $146.99 million acquired in the previous year.

7. ZAMCO has now stopped acquiring NPLs from banks following the NPL acquisitions conducted in 2019. Putting a stop to NPL acquisitions is standard practice by public Asset Management Companies (AMCs) like ZAMCO and, this is meant to prevent the creation of a moral hazard problem where banks lower their underwriting standards in the hope that they can dispose any loans that go bad.

8. Moreover, the banking sector had been cleaned of bad loans hence there were not many NPLs left to acquire. The total NPLs that remained in the banking sector as at 31 December 2019 amounted to $222 million representing an NPL ratio of 1.75% as was reported by the Central Bank.

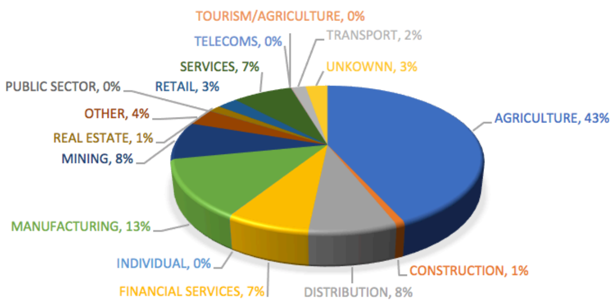
Participating Banks...

9. By the close of NPL acquisitions, the following banks disposed some of their NPLs to ZAMCO:

Participating Banks		Participating Banks	
1	Agribank	11	IDBZ
2	NMB	12	Stanchart
3	BancABC	13	Steward
4	CABS	14	Metbank
5	Stanbic	15	Tetrad
6	CBZ	16	Interfin
7	Ecobank	17	Trust
8	FBC	18	AfrAsia
9	ZB Bank	19	Capital Bank
10	POSB	20	Barclays

Portfolio Distribution...

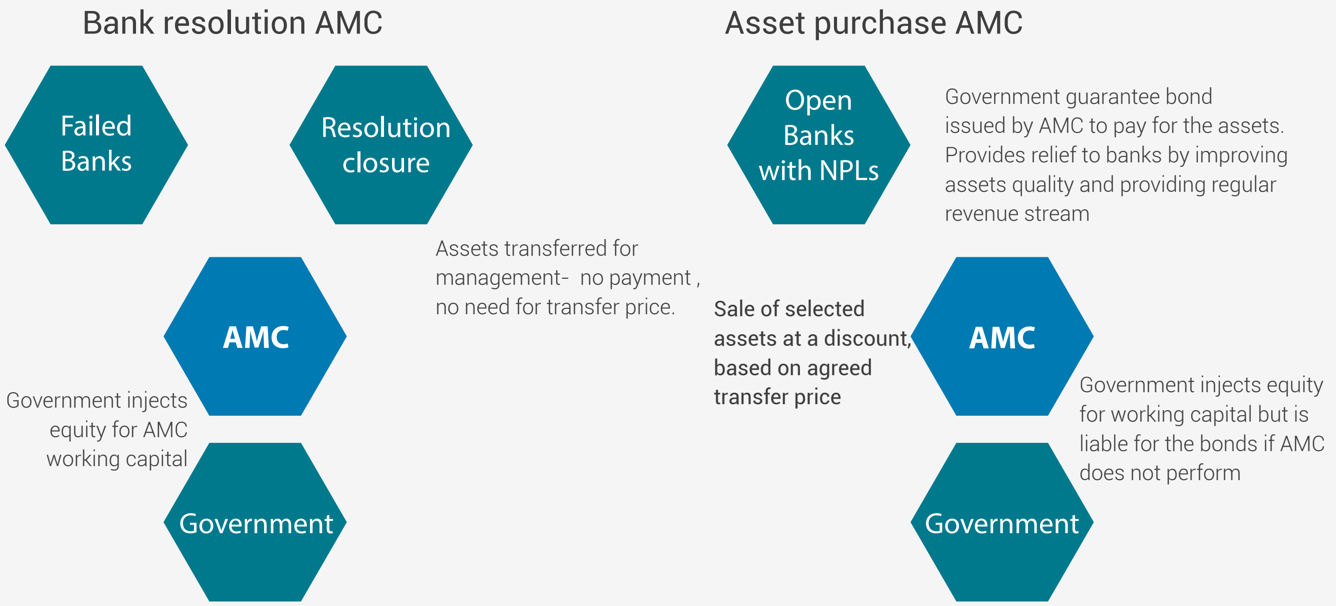
10. As at 31 December 2019 ZAMCO's total loan book was distributed as follows:



11. The portfolio of acquired NPLs as at 31 December 2019 was highly skewed towards the agricultural sector which accounted for 43% of the acquired NPLs as at the balance sheet date in tandem with the economy's agro-based nature. The manufacturing sector followed at 13% of total, the financial services sector at 7% and, the distribution sector at 8% of total.

FUNDING FOR NPL ACQUISITIONS

12. AMCs such as ZAMCO have two major funding models at their disposal, depending on their mandate [1] Equity injection by Government and [2] Issuance of Government Guaranteed Bonds as shown in the diagram below:



NB: In recent years in Europe, the trend has been to create public-private AMC so the government is not the only sources of funding. This graph reflects the most recent generation of generation of asset- purchasing AMCs

13. The model that ZAMCO chose is almost similar to that shown on the right side of the diagram. Instead of ZAMCO issuing bonds that are guaranteed by Government, Government provided funding through the issuance of Treasury Bills (TBs). The table below shows the funding mix of the acquisitions:

Funding Source	Amount ($' Million)	Percentage
TBs	1,149.1	96%
Private Funding	45.5	4%
Total	**1,194.6**	**100%**

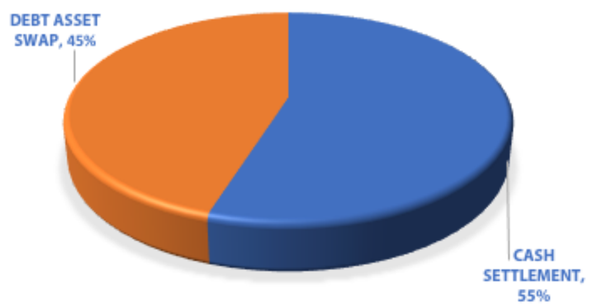
14. The funding has been predominantly in the form of TBs whose tenures range from 10 years to 18 years at issuance, with a few exceptions of short dated TBs.

RESOLUTION AND RECOVERY OF NON-PERFORMING LOANS

15. The Corporation's primary mandate in its resolution phase is to maximise asset recovery i.e. to recover the acquired loan amounts to the largest extent possible, through cash collections as well as other recovery methods.

16. The Corporation's key performance indicators (KPIs) in the resolution phase are Resolution Rate [Resolved NPLs as a percentage of total NPLs] and the Recovery Rate [Amount Received as a % of Book Value] which measures whether ZAMCO has maximised the recovery of each NPL or not.

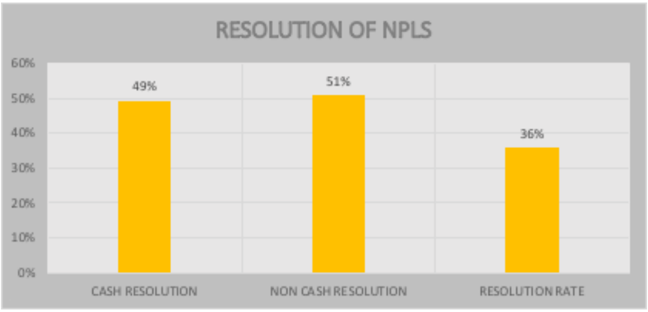
17. During the year under review, ZAMCO made total collections amounting to $197.77 million, which surpassed an internally set target of $142 million. The diagram below shows the proportion of recoveries in cash and debt/asset swaps:



18. Debt/asset swaps occur when borrowers opt to repay their loans in the form of real estate assets such as land, houses, commercial and industrial properties as

opposed to cash repayments. In such cases, ZAMCO takes ownership of the properties used to pay the debts.

19. 19. Out of the collections for the year, the Corporation resolved loans with an acquired value of $174.55 million i.e. fully repaid and, obligors no longer have any obligation to ZAMCO. These resolved loans for the year brought the total resolved NPLs as at 31 December 2019 to $426.02 million since the beginning of the resolution phase in April 2017. The total resolved NPLs represented 35.66% of acquired NPLs as at 31 December 2019 as shown in the diagram below:



20. Apart from deliberate efforts to engage with borrowers regularly, the increased rate of repayments was also on the back of reduced debt burdens due to inflation. Inflationary pressures, particularly towards the end of the year, saw many obligors with foreign currency reserves and those with properties disposing these assets to make loan repayments.

21. The room for arbitrage on the back of the exchange rate movements and inflation also meant increased margins for manufacturers who redirected their earnings to ZAMCO to retire their debts whose values in real terms was now smaller compared to the original capital sums.

22. After taking into account the resolved NPLs, the outstanding loan book was as follows:

	31-Dec-19
Total NPLs Acquired	1,194,653,968.63
Total Resolved NPLs	426,016,754.43
Outstanding NPLs	**768,637,214.20**

23. Out of the $174.55 million that the Corporation fully resolved during the year ended 31 December 2019, ZAMCO received cash and other assets that represent 101% of the book value of the loans, indicating that the Corporation is maximising value upon resolution of the NPLs.

24. The pace of resolutions to date compares well with other AMCs, considering the number of years of ZAMCO's existence to date and, commencement of its Resolution Phase in April 2017. ***(See table below).***

Name of AMC	Country	Recovery Rate	Stage of Operations
Great Wall, Orient, Cinda, Huarong	China	34%	4 years
KAMCO	Korea	47%	7 years
IBRA	Indonesia	34%	6 years
Danarharta	Malaysia	58%	7 years
SAREB	Spain	20%	5 years
BAMC	Slovenia	26%	4 years

(Sources: Financial Stability Institute Occasional Paper 3, p66 (2004)., Asian Development Bank ERD Paper 55, p11, (2004)

25. The resolution of NPLs is a protracted process, which is not achievable within the loan tenors extended by financial institutions under normal circumstances. It is specifically for this reason that loan resolution AMCs like ZAMCO are given longer periods of between 5 years to 20 years depending on a particular country's circumstances, to collect funds and resolve the NPLs.

26. Against this background, ZAMCO's success rate in as far as resolution is concerned can only be fully assessed at the end of the sunset period of 10 years, or likely less given its momentum of collections and resolutions to date.

CATEGORISATION OF OUTSTANDING LOAN BOOK

27. ZAMCO's outstanding loan book as at 31 December 2019 amounted to $768.64 million in terms of acquired

amounts and, is categorised as shown in the table below.

Resolution Method	Amount
Rehabilitated Loans	96,485,529.30
Loan Work-outs	672,151,684.90
Outstanding NPLs	768,637,214.20

28. Rehabilitated NPLs represent loans, which the Corporation restructured as plain loans. Their characteristics typically include continuous and sustained repayments for an unbroken six months period. ZAMCO employs the normal relationship management methods in monitoring and resolving these loans as opposed to problem loan resolution. The original tenors for this category of loans ranges from four to eight years.

29. The Loan Workout category consists of NPLs where the Corporation uses various resolutions strategies other than the normal loan restructuring and, they include debt to asset swaps, property developments, private treaty sales etc. Typically, the underlying accounts do not have periodic repayments like rehabilitated loans but payment will come within the period of conclusion of the respective loan workout arrangement.

LIABILITY MANAGEMENT

30. For all issued TBs, ZAMCO has to meet the following obligations: [1] coupon payments at a rate of 5% payable half-yearly and [2]providing funds to redeem the TBs upon maturity.

31. To date, the Corporation has been able to meet all its TB obligations in respect of periodic coupon obligations as well as maturities of some short dated TBs using cash collected from borrowers. The Corporation is also setting aside funds for redeeming the Treasury Bills upon maturity.

32. There have been concerns from members of the public that TBs issued by ZAMCO had increased government's debt that was already high. It is important to note that in the case of TBs issued for ZAMCO, underlying assets in the form of the loans acquired by ZAMCO backed the TBs. These underlying assets generate cashflows as the borrowers make repayments and the Corporation uses the cashflows to meet the obligations on TBs.

33. During the year under review, total TB obligations due amounted to $53 and, ZACO fully met its dues. ZAMCO is confident that it will continue to make collections from its loans which will enable it to expunge the TB liability on its own. Therefore, there will be no burden on Government arising from these TBs.

VALUE ENHANCEMENT FOR PROPERTIES

34. To date, ZAMCO has obtained a sizeable portfolio of real estate properties that arose from repayment of loans through debt/asset swaps. Where ZAMCO has obtained unserviced land, the strategy has been to further enhance the value of the land by developing it into serviced stands

35. During the year under review, the Corporation undertook the development of 24 low density residential stands in Good Hope, Harare. It completed the servicing of the stands and they are now available for disposal.

36. ZAMCO expects to undertake additional projects of a similar nature over the coming few years as part of creating value from its assets.

RISK MANAGEMENT

Overview

1. The Corporation has identified the following as the major risks that it faces:

   a) Credit/Recovery risk;
   b) Operational risk (including Information Technology risk);
   c) Liquidity risk;
   d) Market risk (encompassing interest rate, real estate and equity risks);
   e) Legal and Compliance risk; and
   f) Reputational risk.

2. Credit risk is the risk that borrowers will fail to repay their acquired loans to ZAMCO. Inherent credit risk is high at the outset as ZAMCO acquires bad loans, i.e., loans which are already in default, meaning that ZAMCO deals with tail-end NPLs. The general credit risk strategies centre on sound credit granting processes during the NPL acquisition phase, sound credit monitoring and, strong loan collection and recovery efforts. ZAMCO's loan collection unit is separate from the recovery unit. The recoveries unit, housed in the Legal and Compliance department, is responsible for all collections of NPLs exhibiting little prospects of repayment.

Credit /Recovery Risk

3. The table below highlights some of the techniques that ZAMCO uses in measuring and managing credit risk:

NATURE OF RISK	MEASUREMENT	MANAGEMENT TOOLS
1. Failure to meet interest and capital repayment obligations on restructured loan facilities in accordance with the terms of the facility agreement. 2. Failure to meet dividend and face value payments on equity instruments. 3. Failure to recover full value of loans upon winding of ZAMCO operations.	- Classification of loans into viable and non-viable categories. - Level of arrears in the loan portfolio. - Recovery rate on total acquired NPL portfolio - Sectoral concentration of portfolio. - Concentration of portfolio to few counterparties	- Pre-acquisition credit assessment. - Focus on acquiring loans secured by mortgage bonds. - Reducing interest rates and extending tenor of loans. - The Corporation's focus on acquiring and restructuring loans for obligors with viability prospects will enhance the quality of the loan book. - Implementing appropriate NPL resolution strategies. - Instituting measures to influence turnaround of companies such as requiring board seats and, Management re-organization. - Engaging corporate turnaround experts to advise on corporate restructuring. - On-going monitoring of performance of the companies. - Monthly management Risk Review reports and quarterly reporting to the Board.

Operational Risk

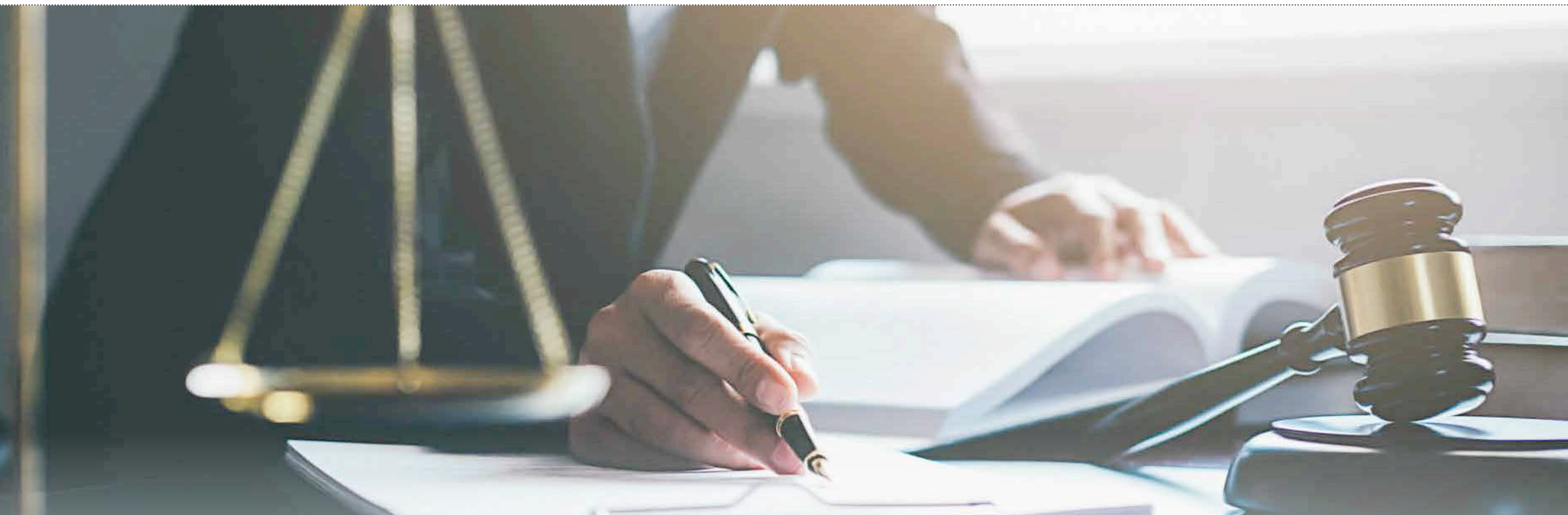
4. Operational risk inherent in all ZAMCO activities arises from failed or inadequate internal processes, people and systems or from external events that cause harm to the organization.

5. ZAMCO tracks and reports internal loss events that may occur as a result of a new risk to the organisation, leading to a loss event; or as a result of a lack of control or control failure surrounding an already identified risk. All units on a monthly basis report to the Risk Department internal events that would have occurred which in turn assist ZAMCO to measure risk exposure more accurately, justify the cost of new or improved controls, compare the effectiveness of controls, and identify trends and lessons to be learned over time. In addition, the Risk Department conducts periodic risk assessments on all the departments in order to identify the top risks and, ways to minimise their impact.

6. Key to the management of operational risks is maintenance of robust internal controls. ZAMCO's internal control system is based on a clear definition of responsibility and delegation of authority to a number of Board Committees. The roles and responsibilities for these committees are defined in their terms of references. The terms of reference are periodically reviewed to reflect the relevancy and practice.

7. There are requisite policies and procedures for all the business and support activities. There is also an ongoing review to update the existing policies and procedures to reflect current practices.

ACTIVITY	CONTROLS
Operations	The Corporation has approved policies and procedures for all aspects of its operations. These include policies in the areas of loan acquisition, post-loan acquisition assessments, loan resolution strategies, disposal of NPLs to investors and investment of funds. Staff has clearly outlined duties and responsibilities. There is adequate segregation of duties to ensure that management does not assign incompatible responsibilities to a single individual.. Controls over the movement of funds are robust to prevent fraud risk. There is regular reporting and review of business activities by senior management The Corporation uses Key Risk Indicators (i.e. KRIs), and self-risk assessment to measure and, manage operational risks.
Performance of Service Providers	A system to pre-qualify service providers onto ZAMCO's panel and monitoring their performance and quality of service is in place.
Information and Communication Technology.	The Corporation has robust management information systems to ensure easy transaction processing and safeguarding data integrity. The Corporation has an acceptable Business Continuity Plan (BCP) incorporating a disaster recovery site.
Finance and Accounting	A comprehensive budgeting process with an annual plan approved by the Board is in place. Management reports on the business results monthly and, compared to the plan. It prepares forecasts annually and reviews them regularly throughout the year. The Corporation announces its business results through its published Annual Report.
Assurance	The Board has an oversight role in ensuring a sound internal control environment /system and regular review on its adequacy and integrity through the Audit Risk and Oversight Committee. Internal auditors and external auditors conduct independent appraisals on ZAMCO's business operations and support activities and financial records and statements respectively to provide an opinion on the adequacy and integrity of ZAMCO's overall internal control framework.
Performance Measurement	The organization sets annual objectives. Divisions also set their divisional objectives, aligned, to the Corporation's objectives. Where appropriate, individuals can set their objectives, aligned, to the divisional objectives. Management supervises work activities and, monitors and evaluates the performance i.e. actual results against the agreed targets/ objectives.
Employee Conduct	Employees conduct their work activities in accordance with clearly defined approved policies and procedures that meet international standards as defined in the various policy and procedures manuals. This includes the Code of Ethics policy document that sets high ethical business standards and practices for business conduct and the code of behaviour for employees to comply with.



Legal and Compliance Risk

8. Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to reputation that an institution may suffer as a result of failure to comply with laws, regulations, rules, self-regulatory organization standards and codes of conduct applicable to its activities.

9. Compliance laws, rules and standards have various sources, including primary legislation, rules and standards issued by legislators and supervisors, market conventions, codes of practice promoted by industry associations, and internal codes of conduct applicable to staff members. Compliance risk goes beyond what is legally binding and embraces broader standards of integrity and ethical conduct.

10. Highlighted below are some of the legal and compliance risk issues, measurement and management methodologies:

Legal and Compliance Risk Issues	Analysis	Measurement/Mitigation
Defective and/or inadequate documentation for transactions entered into by ZAMCO	To date no issues have arisen..	- Continuous review and updating of contracts executed by the Corporation. - The internal legal team reviews and renders advice on transactions to which the Corporation is a party and where necessary obtains a second opinion from external counsel.
Regulatory and statutory compliance	There were no changes to any legislation, which would affect ZAMCO	- Continuous monitoring of local laws, regulations and standards to note any changes that affect the Corporation. - Proactively identifying new and changed relevant local laws, regulations and standards. - Compliance with best practice requirements. - Regular reporting to stakeholders, particularly RBZ and Ministry of Finance.
Compliance with own policies and procedures	The Corporation has comprehensive policies and procedures in place that it adheres to.	- The Board and senior management monitors compliance on an on-going basis. - Independent assurance from audit.

Liquidity Risk

13. Liquidity risk is the risk of the organisation failing to meet its liabilities (contractual or pseudo liabilities) when they fall due. ZAMCO has an obligation to meet periodic coupons on Treasury Bills (TBs) used to acquire NPLs as well as redemption of the TBs upon maturity. This forms the major source of liquidity risk for the Corporation.

14. Liquidity risk for the Corporation results primarily from credit risk in that if borrowers do not repay their loans, ZAMCO will not have sufficient resources to meet its obligations on Treasury Bills. Therefore, the concerted efforts that the Corporation is putting towards resolution and recovery will assist in managing liquidity risk for the Corporation.

15. ZAMCO allocates the repayments that borrowers make to the TB and Coupon Redemption Sinking Fund earmarked for the redemption of half-year coupon obligations and, the TBs when they mature at the end of their tenors.

16. The Corporation conducts the identification, measurement and monitoring of Liquidity Risk through maturity profiling of assets and liabilities and, assessment of expected cash flows. The Risk Department produces a liquidity Gap Analysis Report which is used by Senior Management on a monthly basis and, by the Audit and Risk Committee on a quarterly basis.

Market Risk: **Real Estate**

17. 18. Real estate risk is the exposure of the Corporation to adverse movements in the price of real estate properties. The Corporation faces real estate risks from two fronts, i.e.:

a) ZAMCO has a proprietary portfolio of properties acquired through debt asset swaps where customers paid a portion or the full amount of their debt using properties; and

b) The properties held as collateral is a potential recovery asset through debt/asset swaps or foreclosure. Furthermore, collateral value is a key determinant in pricing loans at acquisition i.e. determining the appropriate discount.

18. The Corporation has an in-house team of qualified and experienced personnel who conduct the organisation's real estate business. Furthermore, where necessary ZAMCO engages external professional property valuation and management firms to conduct work on behalf of ZAMCO.

Market Risk: Interest Rate Risk

19. Interest rate risk is the exposure of the institution's on and off-balance sheet positions to adverse movements in interest rates resulting in a loss to earnings and capital. The changes in interest rates affect the institution's earnings by altering interest- sensitive income and expenses. Interest rate changes also affect the underlying value of an institution's assets, liabilities, and off-balance sheet instruments through changes in the present value of future cash flows (and, in some cases, the cash flows themselves).

20. The Corporation's exposure to interest rate risk is minimal due to the following factors:

    a) The Corporation currently does not have a trading book; and
    b) The liabilities of the institution (mainly Treasury Bills) are not rate sensitive as they are issued at a constant rate of 5%;

21. Interest rate exposure will be limited to variations in the interest rates that the Corporation can obtain when investing its funds on the money market. In order to avoid making losses, repayments made should be invested at a rate exceeding 5% (cost of capital).

Market Risk: Equity Risk

22. ZAMCO holds a portfolio of shares arising from borrowers whose debts it converted to either preference shares or ordinary shares. The Corporation is thus exposed to movements in the price of the equity instruments.

23. Measurement of equity risk is conducted through regular valuation of the equity instruments using methodologies such as intrinsic valuation or mark-to-market valuation of instruments listed on the Zimbabwe Stock Exchange.

24. Management of equity risk is conducted through thorough evaluation of the companies it gains equity exposures in, at the onset to ensure that there are viable exit routes to dispose the equity instruments. The Corporation also aims to implement various strategies aimed at improving the equity value in investee companies.

Reputational Risk

25. Reputational risk at ZAMCO is the risk of possible damage to the Corporation's brand and reputation arising from any association, action or inaction which stakeholders could perceive to be inappropriate, unethical or inconsistent with the Corporation's values and beliefs.

26. The reputation of ZAMCO is founded on trust from its employees, clients, shareholders, regulators and from the public in general. Isolated events can undermine that trust and negatively affect ZAMCO's reputation. It is therefore of the utmost importance that it is protected, for which it is the responsibility of every employee of the Corporation.

27. Some of the measures put in place to manage this risk are:

    a) Adherence to sound business practices;
    b) Strict adherence to principles of confidentiality;
    c) There is a communication & media policy where only the CEO can speak on behalf the Corporation with outsiders;
    d) ZAMCO timeously responds to all media enquiries;
    e) The CEO conducts regular interviews with media organisations.

FINANCIAL REVIEW

Introduction

The financial statements of the Corporation include the Consolidated Statements of Comprehensive Income, Financial Position, Changes in Shareholders Equity, Cash Flows and the accompanying notes. The following discussion should be read together with the accompanying audited financial statements of the Corporation for the year ended 31 December 2019, which contain details of factors that influenced the recorded results.

The current year results, prepared applying IAS 29: Financial reporting in Hyper Inflationary Economies, include the presentation of both inflation adjusted and historical information.

1. Consolidated Statement of Comprehensive Income

The Corporation made an operating profit of ZWL$2.2 billion (historical ZWL$655million) for the period to 31 December 2019. The profit represents an improvement in performance from 2018, in which period the Corporation reported a profit of ZWL$525 million (historical ZWL$84 million).

The overall operating performance for the period is set out in the table below:

	Inflation Adjusted	Historical
Revenue	1,081,596	684,697
Interest and Commission	(189,345)	(63,995)
Costs of sales	(617,644)	(446,385)
Operating expenses	(125,607)	(74,810)
Impairment reversal	11,409	(11,409)
Net Monetary Gain	1,820,195	-
Operating profit	**2,228,432**	**655,453**

1.1 Revenue

The revenue recognised in 2019 is broken down as follows:

	ZWL$000	ZWL$000
	Inflation Adjusted	Historical
Interest Received	245,033	84,350
Purified sugar	745,444	523,131
Sugar specialities	75,382	72,195
Preference share coupon	12,511	3,631
Management fees	3,226	1,390
Net interest and commission income	**1,081,596**	**684,697**

The biggest contributors to the Corporation's income during the year were interest on loans and advances and sales of sugar and related product.

The interest is calculated on a monthly/quarterly compounding basis with applicable rates ranging between 6 and 10% per annum. Sugar sales are to both industrial and individual consumers, in and outside Zimbabwe

1.2 Interest expense and commission expense

Interest and commission expense for the year 2019 was ZWL$189,345 million broken down as follows:

	ZWL$000	ZWL$000
	Inflation Adjusted	Historical
Interest on Government Treasury Bills	163,310	50,665
Interest on other facilities	7,810	2,302
Other interest charges	18,225	11,028
Net interest and commission Expense	**189,345**	**63,995**

The Government Treasury Bills in issue at period end amounted to ZWL$1.03 billion upon which interest was charged and attracted a coupon of 5% p.a. payable semi-annually.

1.3 Cost of Sales

The cost of sales figure relates to the **subsidiary's** production related costs, which amount to $618 million (historical ZWL$446million)

1.4 Operating expenses

The operating costs incurred by the **Group** in 2019 amounted to ZWL$126 million (historical ZWL$75million)

The operating expenses of the **Group** include administration expenses, employee benefits, depreciation and negotiated settlement write-downs

1.5 Impairment

During the year under review, the **Group** conducted an analysis according to IFRS 9, through financial models, of all the financial assets held at year end and, recognised a reversal of impairment of ZWL$111 million

There were no other assets which evidenced impairment and as such we made no provision for loss in the books.

2. Cash Flow Statement

The **Group** generated net cash of ZWL$6,6 million (historical ZWL$132 million), which mainly arose from operations. Transactions which affected the cash position mostly were loan repayments as well as the sale proceeds for sugar and related products.

3. Statement of Financial Position

3.1 Loans and advances

During the year, the Group acquired eligible assets worth ZWL$33million. The assets are held in various industries covering resources, services and manufacturing. The loans and advances are assessed for impairment at each reporting date, providing a fair valuation for each individual asset. We arrived at the valuation after taking into account impairment factors observable for the individual and group of assets..

3.2 Treasury Bills

The treasury bills are government paper issued for the raising of financing. The Corporation used these treasury bills to purchase the loans acquired during the period. The treasury bills issued amounted to ZWL$33 million, attracting an interest of 5% p.a. payable semi-annually.

4. Going Concern

The management of the Group assessed the entity and its operations, as at year end, for any issues that may affect its ability to continue as a going concern. The opinion of management is that the Group has the capacity to continue operating as a going concern. Further information on this issue is covered under Note 37 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 19

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

Contents

The Directors of Zimbabwe Asset Management Corporation (Private) Limited and its subsidiaries have pleasure in submitting their report for the financial year ended 31 December 2019.

1. NATURE OF BUSINESS

1.1 Zimbabwe Asset Management Corporation Group ("the Group", "the ZAMCO Group") represents Zimbabwe Asset Management Corporation (Private) Limited, ("the company" or "parent") and all entities under its control. The Group is ultimately controlled by the Reserve Bank of Zimbabwe.

The Group is principally engaged in asset management, sugar refinery and marketing, production of sugar-related products as well as ownership and management of investment properties.

2. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and integrity of financial statements that present the state of affairs of the Group as at 31 December 2019. These include statements of profit or loss and other comprehensive income, financial position, cash flows and changes in equity for the year then ended and information contained in this report.

In order to meet the above requirements, the Directors are responsible for maintaining adequate accounting records and internal controls to safeguard the assets of the Group and to prevent and detect fraudulent activities. The internal control systems were implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Compliance with Local Legislation

These financial statements comply with the Companies Act (Chapter 24.03), and have been prepared to comply with the Statutory Instrument 33 of 2019, issued on 22 February 2019 and the guidance issued by the Public Accountants and Auditors Board (PAAB) on 21 March 2019. Statutory Instrument 33 of 2019 specified that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars, shall on and after the effective date, (22 February 2019) be deemed to be valued in RTGS dollars at a rate of one-to-one to the United States Dollar.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL$) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar. The ZWL$ has been adopted as the Functional and Reporting currency of ZAMCO as at 31 December 2019.

Compliance with IFRs

The financial statements have been prepared to take account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. These financial statements are prepared in order to comply with International Financial Reporting Statements (IFRS), as issued by the International Accounting Standards Board (IASB). The historic cost financial statements are presented herein as supplementary information. The Group's external auditors have not expressed an opinion on this historic financial information due to its non-compliance with IAS 29.

Pursuant to the recognition of the RTGS dollar as currency in Zimbabwe in February 2019 and as reported in these financial statements, the Group adopted the change in functional currency translation guidelines prescribed by Statutory Instrument (S.I.) 33, which prescribed parity between the RTGS dollar and the US dollar for certain balances. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing these financial statements, for the year ended 31 December 2019, to comply with statutory requirements created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes in foreign exchange rates) as well as with the principles in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2019 Financial Statements being different from that which the Directors would have adopted if the entity had been able to fully comply with IFRSs.

The audited financial statements are presented in Zimbabwean Dollars (ZWL$). These were audited by our independent auditors, Ernst & Young, who were given unrestricted access to all the accounting records and supporting documentation.

3. COMPOSITION OF BOARDS OF DIRECTORS AND COMMITTEES

The following is the composition of the ZAMCO Board of Directors, as well as the various board committees. The Board is made up of non-executive directors only.

MAIN BOARD

SN	NAME	DESIGNATION	STATUS
1	Mr. B. Mswaka	Board Chairperson	Independent Non-Executive Director
2	Dr. J. T. Chipika	Board Member	Non-Executive Director
3	Mr. A. Saburi	Board Member	Non-Executive Director
4	Mr. N. Mataruka*	Board Member	Non-Executive Director
5	Mr.E.M. Zvandasara	Board Member	Non-Executive Director
6	Mrs. V. Nyemba	Board Member	Independent Non-Executive Director
7	Mr. D. Psillos	Board Member	Independent Non-Executive Director
8	Mr. S.T. Biyam	Board Member	Independent Non-Executive Director
9	Mr. R.G. Muirimi	Board Member	Independent Non-Executive Director
10	Mr. J.M. Chikura	Board Member	Independent Non-Executive Director Retired w.e.f 31 August 2019
11	Mr. V. Vuma	Board Member	Independent Non-Executive Director Appointed w.e.f 1 September 2019

* Mr. N. Mataruka retired from the ZAMCO Board in March 2020, but unfortunately passed on in July 2020

CREDIT AND DEBT RESTRUCTURING COMMITTEE

SN	NAME	DESIGNATION
1	Mr. R.G. Muirimi	Committee Chairperson
2	Mr. A. Saburi	Committee Member
3	Mr. N. Mataruka	Committee Member
4	Mr. B. Mswaka	Committee Member
5	Mrs. V. Nyemba	Committee Member
6	Mr. D. Psillos	Committee Member
7	Mr. S.T. Biyam	Committee Member
8	Mr. V. Vuma	Committee Member

HUMAN RESOURCES COMMITTEE

SN	NAME	DESIGNATION
1	Mr. B. Mswaka	Committee Chairperson
2	Mr. A. Saburi	Committee Member
3	Mr. N. Mataruka	Committee Member
4	Mr. V. Vuma	Committee Member

AUDIT COMMITTEE

SN	NAME	DESIGNATION
1	Mr. E.M. Zvandasara	Committee Chairperson
2	Mr. J. M. Chikura	Committee Chairperson*
3	Dr. J. T. Chipika	Committee Member
4	Mrs. V. Nyemba	Committee Member
5	Mr. S.T. Biyam	Committee Member

Mr. JM Chikura retired on the 31st of August 2019.

The following is the composition of the StarAfrica Corporation Limited Board of Directors. The Board is made up of executive and non-executive directors.

SN	NAME	DESIGNATION	STATUS
1	Mr. J. S. Mutizwa	Board Chairperson	Non-Executive Director
2	Mr. R. J. Mbire	Vice Chairperson	Non-Executive Director
3	Mr. J. M. Chikura	Board Member	Non-Executive Director
4	Mrs. V. Nyemba	Board Member	Non-Executive Director
5	Mr. B. L. Nkomo	Board Member	Non-Executive Director
6	Mr. M. Sibanda	Board Member	Non-Executive Director
7	Mr. S. Mahuni	Board Member	Non-Executive Director
8	Mr. R. V. Mutyiri	Chief Executive Officer	Executive Director
9	Mr. A. J. Musemburi	Company Secretary	Executive Director
10	Mrs E Machaka Madziva	Finance Director	Executive Director

4. ACCOUNTING POLICIES

The accounting policies adopted by the Group are set out in 'notes 3-5' to the financial statements.

5. RESULTS OF THE GROUP'S OPERATIONS

The Group recorded comprehensive profit for the year of **ZWL$2,228,432,343** against **ZWL$524,655,072** from the 2018 financial year. The profit was as a result of normal Group operations during the period under review. Below is a summary of the results.

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Profit for the year	223,741,417	218,753,890	400,422,522	35,219,173
Impairment reversal	111,408,745	272,376,392	111,408,745	43,852,346
Other comprehensive income	73,087,635	33,524,790	143,621,304	5,397,460
Net monetary Gain	1,820,194,546	-	-	-
Profit after impairment	**2,228,432,343**	**524,655,072**	**655,452,571**	**84,468,979**

6. IMPAIRMENT OF FINANCIAL ASSETS

An assessment for impairment was carried out as at 31 December 2019, resulting in a reversal of impairment being recorded for the period of $111 million in accordance with IFRS 9. The reversal was mainly a result of Agricultural portfolio which had initially been provided for in 2018 settling their accounts hence reducing the expected loss provision.

7. HYPERINFLATION ACCOUNTING

These financial statements are prepared in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies. A net monetary gain of $1.8 billion was recorded as a result.

8. GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern. They are satisfied that preparation of the financial statements on a going concern basis is still appropriate. The Directors have committed themselves to the continual assessment of the appropriateness of applying the going concern in the preparation of the financial statements of the Group. The Directors have also assessed the potential sensitivity to the financial position of the Group arising from exchange rate variances. These have been deemed to have minimal impact on the ability of the Group to continue operating as a going concern as almost all assets and liabilities held are in matched currencies.

Based on the Group's financial performance, maturity profile for its financial assets and liabilities and cashflow management, the Group's Directors conclude that the Group will continue to realise its assets and liabilities in the ordinary course of business. These financial statements are therefore prepared on that basis.

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements which appear on pages 42-97 were approved by the Directors on 11 December 2020 and the Directors authorised the following officials to sign the financial statements:

Mr. B. Mswaka
Chairman of the Board

Mr. W. Madera
Company Secretary

Mr. T. Muzariri
Chief Finance Officer

Dr. C. Kanhai
Chief Executive Officer

Date: 21 December 2020

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
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Independent Auditor's Report

To the Shareholders of Zimbabwe Asset Management Corporation (Private) Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion on the separate inflation adjusted financial statements (Company) and Adverse Opinion on the consolidation inflation adjusted financial statements (Group)

We have audited the consolidated and separate inflation adjusted financial statements of Zimbabwe Asset Management Corporation (Private) Limited and its subsidiaries ('the group') and company set out on pages 44 to 97 and 103 to 146, which comprise the consolidated and separate inflation adjusted statements of financial position as at 31 December 2019, and the consolidated and separate inflation adjusted statements of profit or loss and other comprehensive income, consolidated and separate inflation adjusted statements of changes in equity and consolidated and separate inflation adjusted statements of cash flows for the year then ended, and notes to the consolidated and separate inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the separate inflation adjusted financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted financial statements do not present fairly the financial position of the Group as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion on the separate inflation adjusted financial statements (Company) and Adverse opinion on the inflation adjusted consolidated financial statements (Group)

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors

Non-compliance with IAS 8 (Group and Company)

As explained in note 2 to the consolidated and separate inflation adjusted financial statements, the Group and Company applied the United States Dollar (USD) as their functional currency for the period 1 January 2018 to 22 February 2019 and the Zimbabwe Dollars (ZWL$) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group and Company changed their functional currency with effect from this date.

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We however believe that the change in currency occurred prior to that date. The consolidated and separate inflation adjusted financial statements are presented in ZWL$.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro USD Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the USD amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group and Company to assess whether there was a change in functional currency (from USD to RTGS/ZWL$) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL$ as a formal currency supports that there was a change in functional currency from USD to ZWL$ and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL$: USD exchange rate and this occurred effective 1 October 2018.

Accordingly, the consolidated and separate inflation adjusted financial statements included some balances and transactions denominated in USD that were not converted to ZWL$ at a ZWL$: USD exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2 to the consolidated and separate inflation adjusted financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 2.2, was to prospectively apply the change in functional currency from USD to ZWL$ from 23 February 2019 which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

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As a result of these matters:

- * All corresponding numbers are misstated on the consolidated and separate inflation adjusted Statements of Financial Position, Cash Flows Profit or Loss and Changes in Equity.
- * As opening balances enter the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the consolidated and separate inflation adjusted Statements of Cash Flows Profit or Loss and Changes in Equity.

Our opinion on the current year's consolidated and separate inflation adjusted financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows the matter continues to impact the following amounts on the separate inflation adjusted Statement of Financial Position as they still comprise some amounts from opening balances: property, plant and equipment ZWL$ 7 695 480 , share premium ZWL$ 219 172 203 and retained earnings ZWL$ 80 438 003.

The following amounts are impacted on the consolidated inflation adjusted financial statements: property, plant and equipment ZWL$ 225 489 808 , share premium ZWL$ 219 172 203, retained earnings ZWL$ 311 507 731 , goodwill ZWL$ 213 355 742, non-distributable reserves ZWL$ 41 954 015, loans and borrowings ZWL$ 229 832 923 and deferred tax liability ZWL$ 30 242 046.

Exchange rates used in the current year – Group only

The Group translated foreign denominated transactions and balances using interbank rates from the 22 nd of February 2019 to 31 December 2019. We are not in agreement with management on the use of interbank rate for the Group as the exchange rate did not meet the requirements of a spot rate per IAS21. Had the correct rate been used ZWL$ 9 210 624 included in trade receivables of ZWL$ 45 375 082, ZWL$ 27 883 395 included in cash and cash equivalents of ZWL$ 176 096 389, ZWL$160 306 481 included in loans and borrowings of ZWL$ 229 832 923 and ZWL$ 31 397 114 included in revenue of ZWL$ 820 826 295, ZWL$ 9 042 417 included in finance costs of 17 073 897would have been affected in a material manner.

Consolidating Foreign Associate using incorrect exchange rate – Group only

Further to the issue noted above in respect of inappropriate spot rates, management have also used the interbank rate to translate the foreign associate to group reporting currency on consolidation. The impact is misstatement of the following amounts on the consolidated inflation adjusted Statement of Financial Position of the Group: ZWL$ 33 892 112 included in investment in Associate; Statement of Comprehensive Income: ZWL$ 7 859 261 included in share of profits of associate.

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Valuation of Investment Properties and Land and Buildings- Group and company

The Group's investment properties and land and buildings are carried at ZWL$ 586 038 194 and ZWL$ 158 676 364 as at 31 December 2019. The company has investment properties amounting to ZWL$ 480 498 608. These properties were valued in USD using historical USD denominated inputs and converted to ZWL$ at the interbank rate at the end of the year. We believe that applying a conversion rate to a USD valuation to calculate Z WL$ property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading. Owing to the nature of the matter, we are unable to quantify the possible impact.

Consequential impact of the above matters on IAS 29 accounting – Group and company

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which has been misstated as a result of matters described above. Had the correct base numbers and start date been used, many elements on the consolidated inflation adjusted financial statements and some elements on the separate inflation adjusted financial statements as described above would have been materially different.

The effects of the above departures from IFRS are material and pervasive to the consolidated inflation adjusted financial statements and considered material but not pervasive to the separate inflation adjusted financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the Auditor's Responsibilities for the Audit of the Consolidated and company Inflation Adjusted Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the consolidated financial statements and qualified opinion on the separate financial statements.

Key Audit Matters

Except for the matters described in the Basis for Qualified and Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Statement, the Directors' Report, Corporate Governance Report, Risk Management Report, Business Review and Financial Review but does not include the consolidated and separate inflation adjusted financial statements and our auditor's report

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thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and company inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion and Adverse Opinion section above, the Group and Company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates, we disagreed with the valuation of the Group's properties and the resultant impact these issues have had on the application of IAS 29. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Consolidated and separate Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and separate inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate 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 and separate financial statements.

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

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* Identify and assess the risks of material misstatement of the consolidated and separate 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 and company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

* Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 and/or the company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described on the Basis for Qualified Opinion, the separate inflation adjusted financial statements have been properly prepared in compliance with disclosure requirements of Companies Act (Chapter 24:03).

In our opinion because the consolidated inflation adjusted financial statements do not give a true and fair view because of the significance of the matters discussed in the Basis for Qualified Opinion and Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is David Marange (PAAB Number 0436).

Ernst & Young.

Ernst & Young Chartered Accountants (Zimbabwe) Registered Public Auditors

Harare

Date 04 January 2021

These financial statements were prepared by the finance department of Zimbabwe Asset Management Corporation (Private) Limited, under the direction and supervision of the Chief Finance Officer, Tatenda Muzariri (FCCA) (PAAB Number 04011).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	Inflation Adjusted		Historical	
		2019	2018	2019	2018
		ZWL$	ZWL$	ZWL$	ZWL$
Interest and Commission Income	6.1	260,769,560	369,865,238	89,371,075	59,547,960
Revenue from contracts with customers	6.2	820,826,295	448,782,767	595,325,692	72,253,608
Total Revenue		**1,081,595,855**	**818,648,005**	**684,696,767**	**131,801,568**
Interest and Commission Expense	6.3	(189,345,222)	(335,327,445)	(63,995,409)	(53,987,407)
Cost of sales		(617,644,016)	(337,002,705)	(446,385,273)	(54,257,122)
Gross Profit		**274,606,617**	**146,397,855**	**174,316,085**	**23,557,039**
Other Income	6.4	12,653,879	24,368,773	10,348,296	3,923,350
Operating Costs	6.5	(125,606,711)	(90,283,146)	(74,810,129)	(14,535,503)
Profit for the year before impairment of financial assets		**161,653,785**	**80,483,482**	**109,854,252**	**12,944,886**
Financial Assets Impairment reversal	7	111,408,745	272,376,392	111,408,745	43,852,346
Share of profit of associate		7,859,261	8,011,034	11,546,176	1,289,769
Exchange loss on foreign payments		(100,719,505)	(14,084,287)	(143,715,312)	(2,267,557)
Investment property fair value adjustments		195,748,733	157,831,452	438,597,995	25,410,717
Restructuring costs		-	(5,401,155)	-	(869,581)
Profit before tax		**375,951,019**	**499,136,918**	**527,691,856**	**80,360,580**
Income tax	6.6	(40,800,857)	(8,006,636)	(15,860,589)	(1,289,061)
Profit for the year		**335,150,162**	**491,130,282**	**511,831,267**	**79,071,519**
Other Comprehensive Income	6.7	73,087,635	33,524,790	143,621,304	5,397,460
Net Monetary Gain		1,820,194,546	-	-	-
Total Comprehensive Profit		**2,228,432,343**	**524,655,072**	**655,452,571**	**84,468,979**
Total Comprehensive Profit attributable to:					
Equity holders of parent		2,161,715,505	486,152,154	75,690,006	78,270,044
Non-controlling interest		66,716,838	38,502.918	579,762,565	6,198,934
		2,228,432,343	**524,655,072**	**655,452,571**	**84,468,979**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	Inflation Adjusted		Historical	
		2019	2018	2019	2018
Assets					
Cash balances	8	176,096,389	239,738,100	191,715,392	38,597,611
Trade Receivables	9.1	45,375,082	19,520,347	45,375,082	3,142,790
Other Receivables	9.2	30,672,388	33,006,031	56,350,693	5,313,908
Loans and advances	10.1	639,494,396	3,881,245,447	639,494,396	624,876,908
Debt Asset Conversion	10.2	37,816,338	483,701,104	37,816,338	77,875,428
Local Shares	11	14,661,706	-	14,661,706	-
Preference Shares held	12	2,449,341	61,761,717	2,449,341	9,943,579
Financial Securities	13	58,841,657	265,664,199	58,841,657	42,771,689
Assets under development	14	37,603	1,941,750	37,603	312,620
Inventory	15	98,391,921	35,136,066	121,092,647	5,656,872
Investment in associate	16	33,892,112	15,246,230	49,791,488	2,454,629
Investment Property	17	586,038,194	302,600,095	586,038,194	48,718,334
Property and equipment	20	225,489,808	168,532,507	176,578,215	27,133,577
Goodwill	19	213,355,742	213,355,742	34,350,077	34,350,077
Total Assets		**2,162,612,677**	**5,721,449,335**	**2,014,592,829**	**921,148,022**
EQUITY & LIABILITIES					
Capital & Reserves					
Share capital	21	6,211	6,211	1,000	1,000
Share premium	21	219,172,203	219,172,203	35,286,521	35,286,521
Non distributable reserve		41,954,015	-	96,099,573	3,163,007
Equity component of compound instruments		(849,687)	(849,687)	10,697,993	(136,799)
Accumulated Profit	22	311,507,731	(1,808,253,758)	203,030,392	(294,290,180)
Total Shareholders Funds		**571,790,473**	**(1,589,925,031)**	**345,085,479**	**(259,976,451)**
Non Controlling Interests		**129,502,349**	**62,785,510**	**102,261,541**	**10,108,409**
Liabilities					
Loans and Borrowings	23	229,832,923	974,897,184	265,064,484	156,957,540
Treasury Bills In Issue	24	1,025,866,888	6,078,503,221	1,025,866,888	978,633,366
Deferred income	25	3,309,751	29,131,081	3,309,751	4,690,076
Deferred tax liability	26	30,242,046	18,351,080	28,401,009	2,954,507
Payables	27	172,068,247	147,706,290	244,573,677	23,780,575
		1,461,319,855	**7,248,588,856**	**1,567,215,809**	**1,1167,016,064**
Total Equity & Liabilities		**2,162,612,677**	**5,721,449,335**	**2,014,592,829**	**921,148,022**

Mr. B. Mswaka
Chairman of the Board

Mr. W. Madera
Company Secretary

Mr. T. Muzariri
Chief Finance Officer

Dr. C. Kanhai
Chief Executive Officer

Date: 21 December 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2019

INFLATION ADJUSTED

	Share capital	Share Premium	Non Distrubutable Reserve	Equity component of compound financial instrument	Accumulated Profit/Loss	Non-controlling interest	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 31 December 2017	6,211	1,779,644	-	-	(714,314,388)	-	(712,528,533)
Impact of adopting IFRS 9	-	-	-	-	(1,580,091,521)	-	(1,580,091,521)
Restated balance at 1 January 2018	**6,211**	**1,779,644**	**-**	**-**	**(2,294,405,909)**	**-**	**(2,292,620,054)**
Acquired on consolidation		-	-	-	-	15,991,098	15,991,098
Profit for the year	-	-	-	-	466,506,030	24,624,254	491,130,284
Other comprehensive income	-	-	19,646,120	-	-	13,878,670	33,524,790
Equity component on conversion	-	-	-	(849,687)	-	(600,246)	(1,449,933)
Debt to equity conversion	-	-	-	-	-	8,891,734	8,891,734
Capital Contribution	-	217,392,560	-	-	-	-	217,392,560
Effects of Adopting IAS 29	-	-	(19,646,120)	-	19,646,120	-	-
Balance at 31 December 2018	**6,211**	**219,172,204**	**-**	**(849,687)**	**(1,808,253,759)**	**62,785,510**	**(1,527,139,521)**
Profit for the year	-	-	-	-	2,119,761,490	35,583,218	2,155,344,708
Other comprehensive income	-	-	41,954,015	-	-	31,133,620	73,087,635
Balance at 31 December 2019	**6,211**	**219,172,204**	**41,954,015**	**(849,687)**	**311,507,731**	**129,502,348**	**701,292,822**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2019

HISTORICAL

	Share capital	Share Premium	Non Distrubutable Reserve	Equity component of compound financial instrument	Accumulated Profit/Loss	Non-controlling interest	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 31 December 2017	1,000	286,521	286,521	-	(115,003,952)	-	(114,716,431)
Impact of adopting IFRS 9	-	-	-	-	(254,393,265)	-	(254,393,265)
Restated balance at 1 January 2018	**1,000**	**286,521**	**-**	**-**	**(369,397,217)**	**-**	**(369,109,696)**
Acquired on consolidation	-	-	-	-	-	2,574,552	2,574,552
Profit for the year	-	-	-	-	75,107,037	3,964,481	79,071,518
Other comprehensive income	-	-	3,163,007	-	-	2,234,453	5,397,460
Equity component on conversion	-	-	-	(136,799)	-	(96,639)	(233,438)
Debt to equity conversion	-	-	-	-	-	1,431,561	1,431,561
Capital Contribution	-	35,000,000	-	-	-	-	35,000,000
Balance at 31 December 2018	**1,000**	**35,286,521**	**3,163,007**	**(136,799)**	**(294,290,180)**	**10,108,408**	**(245,868,043)**
Profit for the year	-	-	-	-	497,320,572	14,510,695	511,831,267
Other comprehensive income	-	-	82,441,993	-	-	61,179,311	143,621,304
Currency Translation	-	-	10,494,573	-	-	8,422,747	18,917,320
Settlement of compound financial instruments	-	-	-	10,834,791	-	8,040,381	18,875,172
							-
Balance at 31 December 2019	**1,000**	**35,286,521**	**96,099,573**	**10,697,992**	**203,030,392**	**102,261,542**	**447,377,020**

CONSOLIDATED STATEMENT OF CASH FLOWS
As at 31 December 2019

	Notes	INFLATION ADJUSTED 2019	INFLATION ADJUSTED 2018	HISTORICAL 2019	HISTORICAL 2018
		ZWL	ZWL	ZWL	ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		2,186,480,770	499,136,921	579,901,240	80,360,580
Adjustments for items not affecting cashflows					
Depreciation		7,949,321	6,861,512	3,279,841	1,104,697
Fair value Adjustment		(195,748,733)	(157,831,452)	(490,360,426)	(25,410,717)
Allowance for credit loss	7	(111,008,633)	(273,165,477)	(111,008,633)	(43,979,388)
Finance costs		17,073,897	17,125,024	10,528,708	2,757,113
Interest on payables included in finance costs		-	(2,211,603)	-	(356,066)
(Profit) / Loss on the sale of PPE		389,754	(1,114,777)	(29,861)	(179,478)
Unrealised exchange loss		94,681,941	16,571,413	139,098,877	2,667,982
Share of profit of associate		(7,859,261)	(8,011,034)	(11,546,176)	(1,289,769)
Other non-cash items		(7,635,600)	(309,890)	(5,487,582)	(49,892)
Net monetary (loss)		(2,062,282,959)	-	-	-
(Increase) / Decrease in receivables		178,977,384	1,490,165,970	277,498,430	239,915,335
(Increase) / Decrease in inventories		(63,942,795)	(13,516,761)	(99,387,486)	(2,176,186)
Increase / (Decrease) in trade payables		72,494,822	(1,494,520,385)	(62,912,596)	(240,616,392)
Interest paid		(6,196,867)	(11,105,120)	(1,885,376)	(1,787,914)
Income taxes paid		(2,396,530)	(8,668,280)	(2,184,769)	(1,395,585)
Cash generated from operations		**100,976,511**	**59,406,059**	**225,504,191**	**9,564,320**
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment property		(87,689,366)	(99,085,149)	(87,689,366)	(15,952,617)
Purchase of property, plant and equipment		(11,431,898)	(5,092,595)	(8,859,524)	(819,903)
Acquisition of portfolio investments		(32,814,917)	(2,428,634,790)	(32,814,917)	(391,007,942)
Proceeds from sale of managed assets		185,994	1,189,311	84,881	191,478
Dividends received from associate		16,347,892	12,909,367	13,771,552	2,078,396
Net cash used in investing activities		**(115,402,295)**	**(2,518,713,856)**	**(115,507,374)**	**(405,510,588)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Long Term Borrowings	23.1	32,814,917	2,428,634,790	32,814,917	391,007,942
Advances from shareholder		-	217,392,560	-	35,000,000
Payment of long term borrowings		(11,797,680)	(995,608)	(10,623,674)	(160,292)
Net cash used in financing activities		**21,017,237**	**2,645,031,742**	**22,191,243**	**425,847,650**
Net increase in cash and cash equivalents		**6,591,453**	**185,723,945**	**132,188,060**	**29,901,382**
Cash & cash equivalents at beginning of the year		239,738,100	54,014,155	38,597,611	8,696,229
Effects of functional currency changes					
Net foreign exchange difference		(70,233,164)	-	20,929,721	
Cash and cash equivalents at end of the year	8	**176,096,389**	**239,738,100**	**191,715,392**	**38,597,611**

1. REPORTING ENTITY

The Zimbabwe Asset Management Corporation (Private) Limited and its subsidiaries (collectively, the Group) is domiciled in Zimbabwe, with entities incorporated and operating in Zimbabwe. The service address for the Group is 5th Floor, Hardwicke House, 72-74 Samora Machel Avenue, Harare.

1.1 Nature of business

Zimbabwe Asset Management Corporation Group ("the Group", "the ZAMCO Group") represents Zimbabwe Asset Management Corporation (Private) Limited, ("the company" or "parent") and all entities under its control. The Group is ultimately controlled by the Reserve Bank of Zimbabwe.

The Group is principally engaged in the resolution of acquired non-performing loans, asset management, land development, sugar refinery and marketing, production of sugar-related products and investment and management of properties.

2. BASIS OF PREPARATION

The Group's financial results have been prepared under policies consistent with the requirements of the Companies Act (Chapter 24.03). The financial results have been restated to take account of inflation in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies. The Group prepares financial statements with the aim to comply fully with International Financial Reporting Standards (IFRS). IFRS compliance is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2018 and 2019 Financial Statements being different from that which the Directors would have adopted if the Group had been able to comply fully with IFRS.

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

Exposure, or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns.

Generally there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

* The contractual arrangement(s) with the other vote holders of the investee.
* Rights arising from other contractual arrangements.
* The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Group financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

* Derecognises the assets (including goodwill) and liabilities of the subsidiary.
* Derecognises the carrying amount of any non-controlling interests.
* Derecognises the cumulative translation differences recorded in equity.
* Recognises the fair value of the consideration received.
* Recognises the fair value of any investment retained.
* Recognises any surplus or deficit in profit or loss.
* Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Change in functional currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.
- Indicated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1: 1 to the US dollar and would become opening RTGS dollar values from the effective date. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the entity's transactional and functional currency had changed to the RTGS dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of US$1: ZWL$2.5.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL$) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar. In this regard, these financial statements are therefore presented in ZWL$, being the currency of the primary economic environment in which the entity operates.

2.3 Financial Reporting Presentation

The Group presents its statement of financial position in order of liquidity.

2.4 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years. Management judgment was used in the application of accounting policies that have a significant effect on the financial statements and on estimates with a significant risk of material adjustments in the subsequent year

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5, to the financial statements.

2.5 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on year inflation amongst other indicators outlined in IAS 29 resulted in a consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 which requires that the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit. The Group adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
31 March 2020	810.4	0.681
31 December 2019	551.625	1.000
31 December 2018	88.080	6.211

The procedures applied in the above restatement of transactions and balances are as follows:

- All comparative figures as of and of the year ended 31 December 2018 were restated by applying the change in the index from 31 December 2018 to 31 December 2019.
- Restated retained earnings was derived from all the other amounts in the restated statement of financial

position

- Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity were restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2019.
- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. Depreciation and amortisation amounts are based on the restated costs or carrying amounts.
- Income statement items/transactions, except for depreciation and amortisation charges explained above, are restated by applying the monthly index for the year ended 31 December 2019.
- Gains and losses arising from the net monetary position are included in the statement of profit or loss and in the statement of cash flows as non-cash items.
- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.
- The inflation effects on cash and cash equivalents were shown separately under non cash items
  Historical financial statements have been presented to allow comparability during the transitional phase in applying the standard, although IAS 29 discourages their publication.
- The subsidiary financial statements, which were presented in current cost units as at 31 March 2020, were restated to 31 December 2019 using an index of 0.681, except for property plant and equipment as well as investment property. Land and buildings and investment property were reported at revalued and fair value amounts as at 31 December 2019, respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue is the increase in economic benefits arising in the course of the Group's ordinary activities during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

3.1.1 Interest income

Interest income arises from the Group's lending and money market activities. It is accrued on a time apportionment basis, by reference to the principal outstanding and at the interest rate applicable to the instrument as further explained in note 3.6.1.10.

3.1.2 Fee income

The Group recognises fees on an accrual basis from loan restructuring services in accordance with the substance of the underlying transaction.

3.1.3 Dividend income

Dividend income from investments is recognised when the Group's rights to receive the dividend have been established.

3.1.4 Rental income

Rental income arising from operating leases on investment properties is recognised on a monthly basis based on the lease terms which are generally on short term and subject to review after every twelve months. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when they arise

3.1.5 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

3.1.6 Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 days upon delivery.

The Group considers whether there are other undertakings in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

3.1.7 Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods give customers a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

- **Rights of return**

  Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

- **Volume rebates**

  The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.2 Functional and presentation currency

These financial statements are presented in Zimbabwean Dollars being the currency of the primary economic environment in which the entity operates.

3.2.1 Transactions and balances

Following SI33, All previously held USD balances were converted as 1:1 to Zimbabwean Dollars.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of 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 translation 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 recognized in other comprehensive income or the statement of profit or loss is also recognized in other comprehensive income or the statement of profit or loss, respectively).

3.3 Employee benefits

3.3.1 Retirement benefit costs

The Group contributes towards a defined contribution plan. Contributions to this plan are recognised as an expense in the statement of profit or loss and other comprehensive income in the periods in which services are rendered by the employees.

3.3.2 Pension scheme

ZAMCO and its employees contribute 15% and 6% of pensionable earnings respectively to Pension Funds. Employer and employees contribute towards the mandatory National Social Security's Pension Scheme. The funds are defined contribution funds, the assets of which are held in a separate trustee-administered fund.

3.3.3 Termination benefits

Termination benefits are recognised as an expense when the Group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.3.4 Short term benefits

Short term benefits consist of salaries, accumulated leave payments and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.4 Taxation

3.4.1 Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.4.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4.3 Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.5 Property, Plant and equipment

Land and buildings held for use in the provision and supply of services, or for administrative purposes, are initially measured at cost and subsequently stated in the statement of financial position at their revalued amounts, being the fair value at the reporting date, determined from market-based evidence by appraisal undertaken by independent professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from the fair value determined at the reporting date.

Property and equipment are revalued after three years in accordance with the Audit, Risk and Oversight Committee guidelines. Any revaluation increase arising on the revaluation of buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised.

As an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount is charged as an expense to the extent that it exceeds the balance, if any, held in revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to the accumulated fund.

Furniture, equipment and motor vehicles are stated at acquisition cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the acquisition cost or valuation of assets, other than land and buildings under construction, over their estimated useful lives to their residual values, using the straight line method, on the following basis:

Buildings	2% straight line
Plant and Machinery	5%-15% straight line
Computer Equipment	10%-33% straight line
Computer Software	10%-33% straight line
Office Equipment	10%-33% straight line
Furniture and Fittings	10%-33% straight line
Motor vehicles	10%-30% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income or expense in profit or loss.

3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

* Raw materials: weighted average method.
* Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
* Consumables: weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Investments

3.7.1 Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent consultant applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.7.2 Business Combinations and Goodwill

Goodwill on acquisitions of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date carrying amount of any previous equity interest in the acquiree over the carrying amount of the net identifiable assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associated companies is included in the carrying amount of the investments. Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

3.7.3 Investment in an associate

The financial results of the Group's associate are included in the group's results according to the equity method from acquisition date until the disposal date. Under this method, subsequent to the acquisition date, the Group's share of profits or losses of associate is charged to profit or loss as equity accounted earnings and its share of movements in other comprehensive income and equity is recognised in other comprehensive income or equity. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment. When the group's share of losses in associates equals or exceeds its interest in those associates, the group does not recognise further losses, unless the group has incurred a legal or constructive obligation or made payments on behalf of those associates. Goodwill relating to associate is included in the carrying value of the associate and is not amortised or separately tested for impairment.

The total carrying value of associate, including goodwill, is tested for impairment when there is objective evidence that the investment in the associate is impaired. If impaired, the carrying value of the Group's share of the underlying assets of the associate is written down to its estimated recoverable amount in accordance with the accounting policy on impairment and charged to profit or loss. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. In the Company financial statements the investment in associate is accounted for at cost.

3.7.4 Investment in subsidiary

The subsidiary's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3.8 Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Cash falls into the debt instruments category and are accounted for at amortised cost.

3.9. Financial Assets and Liabilities

3.9.1 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group 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 consider when pricing the asset or liability.

3.9.1.1 Financial Assets and Financial Liabilities

The Group classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL, for other equity instruments, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 at the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail below.

3.9.1.3 Measurement

3.9.1.3.1 Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

3.9.1.3.2 Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

3.9.1.3.3 Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the entity's own credit risk will be recognized in other comprehensive (loss) income.

The Group considers the following as constituting an event of default:

- the financial asset is past due more than 90 days on any material credit obligation to the Group; or
- the financial asset is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the borrower is unlikely to pay its credit obligation, the Group considers both qualitative and quantitative indicators. The information assessed depends on the type of the asset and sources of information to assess default which are either developed internally or obtained from external sources.

3.9.1.4.1 Significant increase in credit risk

The Group monitors all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

3.9.1.4.2 Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

3.9.1.4.3 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

3.9.1.5 Derecognition

3.9.1.5.1 Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of comprehensive. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive (loss) income.

3.9.1.5.2 Financial liabilities

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive income.

3.9.1.8 Fair Values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The Group characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

* Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
* Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
* Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximated their fair values because of the short-term nature of these financial instruments.The carrying values of receivables, approximated their fair values because the carrying values represented the amounts that The Group would receive or pay if those financial instruments were to settle as of 31 December 2019.

The carrying value of unquoted securities was based unobservable inputs in calculating the fair value. The value of the shares as at 31 December 2019 and was therefore considered to be Level 3.

3.9.1.9 Use of Judgements and Estimates

The preparation of the financial statements in accordance with IFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. While the estimates are based on the most reliable data available, actual results, in the near term, could differ significantly from those estimates depending upon certain events and uncertainties, including:

The timing and extent of losses the Group incurs as a result of future failures of

* Balance disputes;
* Entities that are closed;
* The ability to recover its receivables;
* Expectations of the liquidation of entities; and
* The probability of recovery through successful lawsuits as appropriate against relevant parties.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and them business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Significant increase of credit risk: As explained in note above, ECL are measured as an allowance equal to 12-month ECL for stage1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group considers qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 1 and note 3 for more details.

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis; the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Resegmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: the Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

1. **Trade receivables**
   In coming up with the ECL on financial assets, management considered the nature of the Group's debtors, the historical performance of the debtors, and current and forward-looking information. The general approach as permitted by IFRS 9 was used in computing ECL on trade debtors.

2. **Staff Receivables**
   Staff loans are not collateralized, which has the effect of increasing the ECL on the loans. In computing probabilities of default, management decided to make use of RBZ default rates on personal loans and staff turnover ratios for the entity. Staff debtors are however considered to be low risk as the repayments are deducted at source.

3.9.1.10 Income

Interest Income
Interest income for all financial instruments except for those designated as at FVTPL is recognised as 'Interest income' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated considering all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL. The Group has elected to present the full fair value movement of assets and liabilities at FVTPL, including the related interest income, expense and dividends.

4. NEW AND AMENDED STANDARDS

4.1 IFRS 16: LEASES

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The adoption of this standard has limited impact on the Group's consolidated financial statements as the existing lease contracts (as a lessee) are short term (periods of less than 12months) thus these will continue to be accounted for on a straight-line basis.

The following contracts were identified as leases with the Group as the lessor:

- Commercial property leases (investment properties)

The following contracts were identified as leases with the Group as the lessee:

- Pallets hire
- Mobile equipment hire (front-end loaders and forklifts)
- Rental for Hardwicke House

4.2 STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

4.3 Early adoption of issued but not yet effective standards

The Group did not opt to adopt early the various standards and interpretations that are in issue but not yet effective, as such they do not have an impact on the disclosures herein contained. The Group is currently assessing the impact of the standards yet to be effective.

5. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION IN APPLYING ZAMCO'S ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, the Directors have made the following judgments and estimations that have a significant effect on the amounts recognised in the financial statements.

5.1 Property and equipment values, useful lives, residual values and depreciation rates

The Group's property and equipment are depreciated using depreciation rates, useful lives and residual values estimated by the Directors.

i. *Useful lives and residual values of property, plant and equipment*

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. Refer to Note 18 and accounting policy note for more information on property plant and equipment.

ii. *Revaluation of property and fair value of investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures property, plant and equipment at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair values on entire properties held by the Group as at 31 December 2018. For the investment property, the valuer used a valuation technique based on future rentals and or comparable values. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate.

5.2 Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that the entity has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

5.3 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as discount rates, prepayment rates, time to maturity and default rate assumptions for debt securities

5.4 Impairment of financial assets

In assessing impairment, the Group classifies its financial instruments according to the likelihood of default, with classes ranging from stage 1 (initial recognition and up-to date accounts), stage 2 (accounts with increased credit risk) to stage 3 (accounts in default). Mathematical models incorporating probabilities of default, exposure at default, loss given defaults and recovery rates are employed to determine the expected credit losses which become the impairment provisions.

6 INCOME AND EXPENDITURE

6.1 Interest and Fee income comprises:

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Interest Income	235,928,873	333,073,603	80,778,659	53,624,540
Preference Share Coupon	12,510,634	30,854,656	3,631,405	4,967,572
Facility Fees Income	3,226,103	4,856,258	1,389,689	781,853
Money Market Investment Income	9,103,950	1,080,721	3,571,322	173,995
	260,769,560	**369,865,238**	**89,371,075**	**59,547,960**

Interest Income is interest earned on Loans Acquired and restructured, with rates ranging between 5-10%. Facility fees are charged at 1% of restructured loan on commencement of facility. Income decreased during the period due to the suspension of interest on some loan accounts.

6.2 Revenue from contracts with customers:

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Purified sugar	745,444,268	375,232,317	523,131,090	60,412,054
Sugar specialities	75,382,027	73,550,450	72,194,602	11,841,554
	820,826,295	**448,782,767**	**595,325,692**	**72,253,608**

6.3 Interest and Fee expense comprises

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Interest Expense	163,310,358	245,464,876	50,665,219	39,519,617
Interest on CBZ/Facility	-	54,901,727	-	8,839,127
Interest on PTA/Facility	7,809,693	17,534,735	2,302,041	2,823,076
Commission Paid	262,885	187,318	96,897	30,158
Finance costs	17,073,897	17,125,024	10,528`,708	2,757,113
Bank Charges	888,389	113,765	402,544	18,316
	189,345,222	**335,327,445**	**63,995,409**	**53,987,407**

Interest expense consists mainly of interest on Treasury Bills issued for loan acquisitions, which carry a coupon of 5% p.a. payable semi-annually. The CBZ loan facility at 8% p.a. was paid off in the prior year using treasury bills. The PTA facility charges interest at 8.25% p.a. Additional loans were acquired in 2019 giving rise to more Treasury bills being issued, resulting in higher interest expense charges

6.4 Other income

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Rental Income	4,861,354	10,361,966	2,092,444	1,668,267
Mark to Market Gain	(138,358)	-	(344,699)	-
Sundry Income	7,930,883	14,006,807	8,600,551	2,255,083
	12,653,879	**24,368,773**	**10,348,296**	**3,923,350**

Other income refers to rental income from operating leases on Group properties, mark to market gain on local shares portfolio, revaluation gain on investment property as well as income from non-lending activities. Included in sundry income are weighbridge income, export incentive, proceeds from assets disposals, sale of rubbles, scrap and excess raw materials.

6.5 Operating expenses

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Total operating expenses	**125,606,711**	**90,283,146**	**74,810,129**	**14,535,503**
Included are:				
Employment costs	47,153,009	32,295,994	30,863,149	5,199,625
Administration costs	53,817,652	36,674,804	33,921,848	6,387,607
Negotiated settlements costs	24,636,050	18,312,348	10,025,132	2,948,271

The negotiated settlement costs refer to residual balances written off on resolution and final settlement of negotiated accounts

6.6 Taxation

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Current year tax	14,900,389	311,306	8,561,593	50,120
Tax on foreign dividends	1,874,607	2,002,900	2,754,310	322,465
Prior year under provision	-	1,141,907	-	183,846
Deferred tax	24,025,861	4,550,523	4,544,686	732,630
	40,800,857	**8,006,636**	**15,860,589**	**1,289,061**

The tax figures relate entirely to the subsidiary since the pa ent company is not subject to income or capital gains tax in accordance with Section 14 as read with the Third Schedule of the Income Tax Act [Chapter 23;06].

6.7 Other Comprehensive Incomes

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Revaluation of property, plant and equipment	55,810,950	37,432,738	127,955,752	6,026,636
Exchange differences on translating foreign operations	31,648,005	(2,036,316)	46,494,631	(327,845)
Tax on revaluation of property, plant and equipment	(14,371,320)	(1,871,632)	(30,829,079)	(301,331)
	73,087,635	**33,524,790**	**143,621,304**	**5,397,460**

7 IMPAIRMENT OF FINANCIAL ASSETS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance 1 January	2,177,040,476	2,449,416,868	350,501,492	394,353,838
Closing balance 31 December	(239,092,747)	(2,177,040,476)	(239,092,747)	(350,501,492)
Monetary gain	(1,826,538,984)	-	-	-
(Reversal)/Allowance for the year	**(111,408,745)**	**(272,376,392)**	**(111,408,745)**	**(43,852,346)**

Expected Credit Loss:

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Loans and advances	201,317,518	1,978,020,872	201,317,518	318,459,521
Debt asset conversion assets	123,931	11,749,317	123,931	1,891,629
Preference shares	37,643,203	187,261,728	37,643,203	30,148,964
Receivables	8,095	8,559	8,095	1,378
	239,092,747	**2,177,040,476**	**239,092,747**	**350,501,492**

In accordance with its mandate and the Banking Amendment Act 2015, the Group purchases non-performing loans from banks. On acquisition, these non-performing loans are impaired in the books of selling Banks and they carry the same state when they move to the Group.

The changes in impairment are mainly attributable to repayments from the agricultural portfolio, which had been greatly impaired from prior periods. The group conducted a thorough examination of all financial assets in accordance with the provisions of IFRS 9 and this resulted in an impairment allowance reversal of $111, 408,745. Interest income has since been suspended on accounts that have been assessed as impaired.

8 CASH AND BANK BALANCES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Short term investments	91,577,471	176,624,543	91,577,471	28,436,387
Bank balances	84,518,811	63,111,899	100,137,814	10,160,957
Cash at hand	107	1,658	107	267
	176,096,389	**239,738,100**	**191,715,392**	**38,597,611**

Cash and Bank Balances comprise cash on hand, demand deposits with local banks and short term investments. Short term investments earn interest at rates between 5 – 10% p.a.

9. RECEIVABLES

9.1 TRADE RECEIVABLES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Trade receivables	47,269,891	33,159,539	47,269,891	5,338,655
Impairment	(1,894,809)	(13,638,992)	(1,894,809)	(2,195,865)
	45,375,082	**19,520,347**	**191,715,392**	**3,142,790**

9.2 OTHER RECEIVABLES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Prepayments & Deposits	22,887,041	13,208,574	24,935,786	2,126,568
Receivables from Assets	43,530	1,713,831	63,950	275,925
Value Added Tax	4,937,509	5,981,073	7,253,780	962,947
Other receivables	2,804,308	12,102,553	24,097,177	1,948,468
	30,672,388	**33,006,031**	**191,715,392**	**5,313,908**

Other receivables include staff loans, rent receivables and prepayments for operating expenses

10 LOANS, ADVANCES AND DEBT CONVERSION

10.1 LOANS AND ADVANCES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Loans and advances	840,811,913	5,859,266,319	840,811,913	943,336,429
Impairment allowance	(201,317,517)	(1,978,020,872)	(201,317,517)	(318,459,521)
	639,494,396	**3,881,245,447**	**639,494,396**	**624,876,908**

During the year, there were significant acquisitions of NPLs that were restructured and currently form part of the ZAMCO income earning asset base. Loans and advances earn interest at rates between 5 – 10% p.a.

10.2 DEBT ASSET CONVERSION ASSETS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Debt-asset conversion assets	37,940,270	495,450,421	37,940,270	79,767,057
Impairment allowance	(123,932)	(11,749,317)	(123,932)	(1,891,629)
	37,816,338	**483,701,104**	**37,816,338**	**77,875,428**

Debt asset conversion assets refer to loans that have been resolved through debt asset conversions. These assets are at various stages of conveyancing. The Group will recognise these assets as investment property once control of the asset is exercisable.

11 LOCAL SHARES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Local Shares held	14,661,706	-	14,661,706	-

Local shares are equity investments in publicly traded stocks, which are carried at fair value through profit and loss. The percentage shareholdings are less than 10% per stock.

12 PREFERENCE SHARES HELD

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Preference Shares	40,092,543	249,023,445	40,092,543	40,092,543
Impairment allowance	(37,643,202)	(187,261,728)	(37,643,202)	(30,148,964)
	2,449,341	**61,761,717**	**2,449,341**	**9,943,579**

The preference shares are held in entities whose debts, owing to the Group, were converted on restructuring.

13. FINANCIAL SECURITIES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Treasury Bills	**58,841,657**	**265,664,199**	**58,841,657**	**42,771,689**

Included in financial securities are $38m TBs received from the Government of Zimbabwe as security on the IDBZ facility. Also included are TBs received from various client as loan repayments.

14. ASSETS UNDER DEVELOPMENT

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Assets under development	**37,603**	**1,941,750**	**37,603**	**312,620**

Assets under development refer to items of equipment procured for the establishment of a Data Disaster Recovery site. The equipment was yet to be deployed by 31 December 2019 since the suppliers had not delivered all items.

15. INVENTORIES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Raw materials	38,775,868	8,295,501	52,989,777	1,335,568
Work-in-progress	7,114,526	3,269,149	10,452,073	526,330
Finished products/wholesale merchandise	31,678,073	7,521,039	43,156,059	1,210,880
Consumables	4,772,861	11,835,517	5,905,704	1,905,507
Land developments	16,050,593	4,214,860	8,589,034	678,587
	98,391,921	**35,136,066**	**121,092,647**	**5,656,872**

Total inventories valued at the lower of cost and net realisable value relates to the, raw materials, work-in-progress, finished goods, consumables as well as cost of a land development project currently being undertaken by the Group. The project is located in Goodhope area and it measures 5.2 hectares and a total of 26 stands measuring an average of 2000 sqm are being developed. In accordance with IAS 2, the value incorporates the initial cost of acquiring the land.

16. INVESTMENT IN ASSOCIATE

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Share of associate statement of financial position	**33,892,112**	**15,246,230**	**49,791,488**	**2,454,629**

The Group has a 33.33% interest in Tongaat Hulett (Botswana) (Proprietary) Limited (formerly Sugar Industries (Pty) Limited). Tongaat Hulett (Botswana) (Proprietary) Limited is a private entity that is not listed on any public exchange.

17. INVESTMENT PROPERTY

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance	302,600,535	-	48,718,334	
Acquired on consolidation	-	45,758,028	-	7,367,000
Additions during the period	46,959,434	99,085,149	46,959,434	15,952,617
Fair value adjustments	195,748,733	157,831,453	490,360,426	25,410,717
Disposals		(74,535)	-	(12,000)
Effect of IAS 29	(40,729,492)	-	-	-
	586,038,194	**302,600,095**	**586,038,194**	**48,718,334**

The carrying amount of investment properties is the fair value of the properties as determined by registered independent valuers who possess appropriate recognised professional qualifications and recent experience in the category and location being valued. The valuation was carried out in accordance with International Valuation Standards and the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. Fair values were determined with regard to recent market transactions for similar properties in the same location as the Group's investment properties and also potential rental yields applicable to similar property. The properties were valued as at 31 December 2019.

ZAMCO characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18. FAIR VALUE MEASUREMENT

The table below presents components of the statement of financial Position that are recognised at fair value:

INFLATION ADJUSTED

	Level 1		Level 2		Level 3		Total Carrying Amount	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
Equity Investments	14,661,706	-	-	-	-	-	14,661,706	-
Investment property	-	-	586,038,194	302,600,095	-	-	586,038,194	302,600,095
Land & Buildings	-	-	158,676,364	102,865,414	-	-	158,676,364	102,865,414
Total Assets at fair value	**14,661,706**	**-**	**744,714,508**	**405,465,509**	**-**	**-**	**759,376,264**	**405,465,509**

Level 2 valuation techniques are highlighted on note 17 for investment property.

HISTORICAL

	Level 1		Level 2		Level 3		Total Carrying Amount	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
Equity Investments	14,661,706	-	-	-	-	-	14,661,706	-
Investment property	-	-	586,038,194	48,718,334	-	-	586,038,194	48,718,334
Land & Buildings	-	-	158,676,364	16,561,236	-	-	158,676,364	16,561,236
Total Assets at fair value	**14,661,706**	**-**	**744,714,508**	**65,279,570**	**-**	**-**	**759,376,264**	**65,279,570**

The Group did not hold any level 3 instruments as at reporting date. If the fair value adjustment had been 5% up or down, the Group's reported profit would be ZWL$19,622,780 and statement of financial position would be ZWL$30,034,995 higher or lower than the reported position.

19. GOODWILL

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Goodwill	213,355,742	213,355,742	34,350,077	34,350,077

The goodwill arose from the acquisition of Star Africa Corporation (SAC) and the Group calculated goodwill for SAC, as well as the subsidiary of the subsidiary, which amounts to $34,350,077 (Historical). Goodwill was calculated using the carrying amount method and the non-controlling interest was calculated as a proportion of net assets. Management is satisfied, after an assessment, that there was no impairment of goodwill at the end of the year.

20 PROPERTY AND EQUIPMENT

20.1 INFLATION ADJUSTED

	Land and Buildings	Furniture & Equipment	Motor Vehicles	Plant & Machinery	Computer Hardware & Software	Total
	ZWL	ZWL	ZWL			
COST						
At 01 January 2018	-	538,252	3,149,149	-	347,356	4,034,757
Consolidation take-on	72,432,313	2,559,356	187,243	117,026,751	-	192,205,663
Additions	-	853,522	-	-	746,976	1,600,498
Revaluations	37,432,738	-	-	3,492,095	-	40,924,833
Disposals	-	-	-	(1,108,565)	-	(1,108,565)
At 31 December 2018	**109,865,051**	**3,951,130**	**3,336,392**	**119,410,281**	**1,094,332**	**237,657,186**
Additions	-	2,530,279	1,492,255		3,054,996	7,077,530
Revaluations	48,811,313	-	-	-	-	48,811,313
Disposals	-	(6,888)	-	(1,139,090)	-	(1,145,978)
At 31 December 2019	**158,676,364**	**6,474,521**	**4,828,647**	**118,271,191**	**4,149,328**	**294,400,052**
DEPRECIATION						
At 1 January 2018	-	212,677	399,052	-	180,102	71,831
Consolidation take-on	5,692,797	847,477	105,777	55,933,845		62,579,896
Charge for the year	1,306,840	381,053	660,929	4,315,087	197,608	6,861,517
Revaluations	-	-	-	-	-	-
Disposals	-	-	-	(1,108,565)	-	(1,108,565)
At 31 December 2018	**6,999,637**	**1,441,207**	**1,165,758**	**59,140,367**	**377,710**	**69,124,680**
Charge for the year	1,301,633	618,467	458,212	3,894,846	341,587	6,614,745
Revaluations	(8,301,270)	-	-	-	-	(8,301,270)
Disposals	-	(6,888)	-	(512,589)	(8,434)	(527,911)
At 31 December 2019	**-**	**2,052,786**	**1,623,970**	**62,522,624**	**710,864**	**66,910,244**
NET BOOK VALUE						
At 01 January 2018	**-**	**325,575**	**2,750,097**	**-**	**167,254**	**3,242,926**
At 31 December 2018	**102,865,414**	**2,509,923**	**2,170,634**	**60,629,914**	**716,622**	**168,532,507**
At 31 December 2019	**158,676,364**	**4,421,735**	**3,204,677**	**55,748,567**	**3,438,465**	**225,489,808**

*Property with carrying value of $59 million was provided as security with respect to long-term loans and borrowings (note 21)

20.2 HISTORICAL

	Land and Buildings	Furniture & Equipment	Motor Vehicles	Plant & Machinery	Computer Hardware & Software	Total
	ZWL	ZWL	ZWL			
COST						
At 01 January 2018	-	86,658	507,010	-	55,924	649,592
Consolidation take-on	11,661,535	412,054	30,146	18,841,198	-	30,944,933
Additions	-	137,416	-	-	120,262	257,678
Revaluations	6,026,636	-	-	562,224	-	6,588,860
Disposals	-	-	-	(178,478)	-	(178,478)
At 31 December 2018	**17,688,171**	**636,128**	**537,156**	**19,224,944**	**176,186**	**38,262,585**
Additions	-	1,117,232	566,508	6,425,693	750,091	8,859,524
Revaluations	140,988,193	-	-	-	-	140,998,193
Disposals	-	(1,303)	(215,572)	-	(48,013)	(264,888)
At 31 December 2019	**158,676,364**	**1,752,057**	**888,092**	**25,650,637**	**878,264**	**187,845,414**
DEPRECIATION						
At 1 January 2018	-	34,241	64,247	-	28,996	127,484
Consolidation take-on	916,535	136,443	17,030	9,005,297	-	10,075,305
Charge for the year	210,400	61,349	106,409	694,725	31,815	1,104,698
Revaluations	-	-	-	-	-	-
Disposals	-	-	-	(178,478)	-	(178,478)
At 31 December 2018	**1,126,935**	**232,033**	**187,686**	**9,521,544**	**60,811**	**11,129,009**
Charge for the year	1,912,252	197,409	162,363	881,196	126,980	3,279,840
Revaluations	(3,039,187)	-	-	-	-	(3,039,187)
Disposals	-	(1,303)	-	(96,994)	(4,166)	(102,463)
At 31 December 2019		**427,779**	**350,049**	**10,305,746**	**183,625**	**11,267,199**
NET BOOK VALUE						
At 01 January 2018	**-**	**52,417**	**442,763**	**-**	**26,928**	**522,108**
At 31 December 2018	**16,561,236**	**404,095**	**349,470**	**9,703,400**	**115,375**	**27,133,577**
At 31 December 2019	**158,676,364**	**1,324,278**	**538,043**	**15,344,891**	**694,639**	**176,578,215**

20 PROPERTY AND EQUIPMENT

Revaluation of Property Plant and Equipment

The group carries Land and Buildings at Fair value less accumulated depreciation and impairment and the rest of the property plant and equipment is carried at stock less accumulated depreciation. The revalued property consists of commercial stands, warehouses, residential and industrial buildings in Zimbabwe. Fair Value of Properties was determined by using market comparable method and the implicit investment method. The difference between the carrying amount as at 31 December 2019 and the fair value as at 31 December 2018 and the fair value as at 31 December 2019 was deemed to be the revaluation in ZWL terms and was classified under other comprehensive income.

At the date of revaluation the Property fair values were determined by Dawn Properties Consultants an accredited independent valuer. The valuations performed by the valuer are based on active market prices significantly adjusted for difference in the nature, location or condition of the specific property.

The inputs used as at the 31st of December 2019 are as follows;

	Valuation Technique	Significant Unobservable Input
Industrial	Implicit Investment	Rental per square metre (ZWL17-50) (2019; ZWL50-75)
Residential/Vacant	Comparable Method	Main Space Equivalent (MSE) factor & Land price/square meter

21. SHARE CAPITAL

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Authorised share capital 200 000 ordinary shares at $0.01	**12,422**	**12,422**	**2,000**	**2,000**

Issued Share Capital	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
100,000 Ordinary Shares @ $0.01	6,211	6,211	1,000	1,000
Share premium	219,172,203	219,172,203	35,286,521	35,286,521
	219,178,414	**219,178,414**	**35,287,521**	**35,287,521**

The Group's issued share capital is held by the Reserve Bank of Zimbabwe. In accordance with the provisions of the Companies Act [Chapter 24:01], the unissued ordinary shares of the corporation are under the control of the Board of Directors.

22. RETAINED EARNINGS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance	(1,808,253,758)	(2,294,405,909)	(294,290,180)	(369.397,217)
Profit for the year	2,119,761,489	466,506,031	497,320,572	75,107,037
Effects of IAS 29		19,646,120		
Balance at year end	**311,507,731**	**(1,808,253,758)**	**203,030,392**	**(294,290,180)**

23.1 LOANS AND BORROWINGS

INFLATION ADJUSTED

NAME	RATE	TENURE	SECURITY	2019 ZWL$	2018 ZWL$
PTA/RBZ Bank *	8.25	8 Years	-	23,595,045	187,409,915
IDBZ Foreign Loans#	0%	-	-	38,283,003	237,784,001
Stanbic loan facility	10%	-	-	-	5,545,889
Intermarket Bank - Zambia	15%	-	-	5,596,888	6,974,854
Zimbabwe Sugar Sales	7%	-	-	3,295,455	65,366,955
Con-current Creditors	7%	-	-	65,776,227	49,114,104
BancABC	0-5%	-	-	433,250	4,809,096
Other Loans and Dues	0-5%	-	-	92,853,055	417,892,370
TOTAL				**229,832,923**	**974,897,184**

* The loan from PTA relates to loans accessed by local financial institutions from PTA under sovereign guarantees. The financial institutions failed to service them resulting in the sovereign guarantees being called on. The government assumed the loans through RBZ, which in turn ceded them to ZAMCO. RBZ has been paying PTA the amounts due as agreed. The obligation on ZAMCO's books is to RBZ and payable in Zimbabwean Dollars.

The IDBZ foreign loans do not have a defined term as they are dependent on the ability of IDBZ to raise funding to extinguish the debts.

23.1 LOANS AND BORROWINGS

HISTORICAL

NAME	RATE	TENURE	SECURITY	2019 ZWL$	2018 ZWL$
PTA Bank	8.25	8 Years	-	23,595,045	30,172,822
IDBZ Foreign Loans#	0%	-	-	38,283,003	38,283,003
Stanbic loan facility	10%	-	-	-	892,883
Intermarket Bank - Zambia	15%	-	-	8,222,485	1,122,945
Zimbabwe Sugar Sales	7%	-	-	4,841,410	10,524,019
Con-current Creditors	7%	-	-	96,632,992	7,907,325
BancABC	0-5%	-	-	636,494	774,260
Other Loans and Dues*	0-5%	-	-	92,853,055	67,280,283
TOTAL				**265,064,484**	**156,957,540**

23.2 OTHER LOANS AND DUES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
RBZ Loan - PTA Repayments	41,021,271	279,634,174	41,021,271	45,020,842
TB Coupon & Capital payments	614,197	5,104,079	614,197	821,752
Government Redeemed Tbs	32,031,490	14,740,688	32,031,490	2,373,237
Interest due and payable	14,237,423	89,111,906	14,237,423	14,346,934
Business resuscitation fund	4,948,674	29,301,523	4,948,674	4,717,518
	92,853,055	**417,892,370**	**92,853,055**	**67,280,283**

Other loans and dues include Reserve Bank of Zimbabwe intercompany loans arising from PTA repayments and TB coupons paid by the Reserve Bank, interest accrued on the Treasury bills in issue. No tenures have been agreed upon with respect to the intercompany loans. The Treasury bill interest is accrued up to six (6) months. The increase relates mainly to PTA facility repayments done by the RBZ on Group's behalf.

24 TREASURY BILLS IN ISSUE

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Treasury Bills	1,025,866,888	6,078,503,221	1,025,866,888	978,633,366

These are ZWL Dollar denominated Government of Zimbabwe Treasury Bills issued on behalf of the Group for the acquisition of non-performing loans and payments made by the RBZ to foreign creditors for and on behalf of the Group with respect to interest due. The Treasury Bills attract a coupon of 5%p.a payable semi-annually. The increase in treasury bills resulted from more acquisitions of NPLs being concluded.

25 DEFERRED INCOME

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Deferred Income	3,309,751	29,131,081	3,309,751	4,690,076

Refers to facility fees charged by the Group on restructuring a loan. The deferred income is amortised over the lifespan of the facility.

26. DEFERRED TAX LIABILITY

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance 1 January	18,351,081	-	2,954,507	-
Acquired on Consolidation	-	13,827,204	-	2,226,167
Effect of Adopting IFRS9	-	(1,898,279)	-	(305,621)
Charge to Profit & Loss	24,025,861	6,422,155	25,446,502	1,033,961
Effects of inflation	(12,134,896)	-		
Closing Balance 31 December	30,242,046	18,351,080	28,401,009	2,954,507

27. PAYABLES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Trade payables	94,609,875	31,967,335	138,993,005	5,146,711
Trust funds	-	28,882,154	-	4,650,000
Income tax payable	15,537,576	2,125,820	22,826,522	342,255
Other payables	61,920,796	84,730,981	82,754,150	13,641,609
Closing Balance 31 December	**172,068,247**	**147,706,290**	**244,573,677**	**23,780,575**

Other payables include legal fees accrued, Audit fees provision and provisions for leave pay.

28 LEAVE PAY PROVISION

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Leave balance as at 31 Dec 19	**3,689,702**	**4,699,450**	**5,291,605**	**756,607**

29 CONTINGENT LIABILITIES, COMMITMENTS AND OTHER CONTINGENCIES

There were no contingent liabilities at year end

30. CAPITAL COMMITMENTS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance 1 January	26,238,704	1,267,709	4,224,407	204,100
New commitments- authorised and contracted:	2,474,345	25,992,305	2,474,345	4,184,737
Paid out during the year	(198,747)	(1,021,310)	(4,224,407)	(164,430)
Effects of inflation	(26,039,957)	-	-	-
Closing Balance 31 December	**2,474,345**	**26,238,704**	**2,474,345**	**4,224,407**

There were capital commitments of USD147, 516 for management vehicles.

31 RETIREMENT BENEFIT SCHEMES

31.1 National Social Security Authority (NSSA) scheme

The Employees are members of a state-managed retirement benefit plan, NSSA, and the contributions to the scheme are made in terms of the National Social Security Authority Act (Chapter 17:04). During the year The Group contributed ZWL$37,385 (2018: ZWL$16,897) towards this plan and the cost is included in the staff costs.

31.2 Fintrust Pension Fund

ZAMCO staff joined the RBZ initiated Fintrust Pension Fund, which is managed by Comarton Consultants with effect from 1 January 2017. The fund is a defined contribution plan, towards which the employee contributes 6% of basic earnings, whilst the employer contributes 15%. During the year ZAMCO contributed ZWL$286,209 towards the fund.

31.3 Recognition of contributions

The Group's obligation with respect to the retirement benefit plan is to make the specific contributions. The contributions to the pension funds are recognized as an expense when they fall due.

31.3.1 Contributions recognized as an expense during the year

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
National Social Security Authority Scheme	484,510	791,160	269,478	127,376
Fintrust Pension Fund	684,352	574,457	286,209	92,487
	1,168,862	**1,365,617**	**555,687**	**219,863**

32 FINANCIAL ASSETS AND RISK MANAGEMENT

The Group has various policies and procedures to manage its risk. Below is a table on classification of the Group's financial assets on certain aspects of its risk management specific to its financial instruments.

32.1 Classification of Financial Assets and Liabilities (2019)

	Inflation Adjusted			Historical		
	2019			2019		
	Amortised Cost	Fair Value through profit and loss	Total	Amortised Cost	Fair Value through profit and loss	Total
		ZWL	ZWL	ZWL	ZWL	ZWL
Financial Assets						
Loans and advances	639,494,396	-	639,494,396	639,494,396	-	639,494,396
Debt asset conversion assets	37,816,338	-	37,816,338	37,816,338	-	37,816,338
Preference shares held	2,449,341	-	2,449,341	2,449,341	-	2,449,341
Local Shares	-	14,661,706	14,661,706	-	14,661,706	14,661,706
Investment in associate	-	33,892,112	33,892,112		49,791,488	49,791,488
Receivables	76,047,470	-	76,047,470	101,725,775	-	101,725,775
Financial securities	-	58,841,657	58,841,657	-	58,841,657	58,841,657
Cash and bank balances	-	176,096,389	176,096,389	-	191,715,392	191,715,392
Total	**755,807,545**	**283,341,864**	**1,039,299,409**	**781,485,850**	**315,010,243**	**1,096,496,093**
Financial Liabilities						
Treasury bills in issue	1,025,866,888	-	1,025,866,888	1,025,866,888	-	1,025,866,888
Long term loans & borrowings	229,832,923	-	229,832,923	265,064,484	-	265,064,484
Payables	172,068,247	-	172,068,247	244,573,677	-	244,573,677
Total	**1,427,768,058**	**-**	**1,427,768,058**	**1,535,505,049**	**-**	**1,535,505,049**

32.2 Classification of Financial Assets and Liabilities (2018)

	Inflation Adjusted			Historical		
	2018			2018		
	Amortised Cost	Fair Value through profit and loss	Total	Amortised Cost	Fair Value through profit and loss	Total
		ZWL	ZWL	ZWL	ZWL	ZWL
Financial Assets						
Loans and advances	3,881,245,447	-	3,881,245,447	624,876,908	-	624,876,908
Debt asset conversion assets	483,701,104	-	483,701,104	37,816,338	-	37,816,338
Preference shares held	61,761,717	-	61,761,717	9,943,579	-	9,943,579
Local Shares	-	-	-	-	-	-
Investment in associate	-	15,246,230	15,246,230	2,454,629	-	2,454,629
Receivables	52,26,230	-	52,26,230	7,756,747	-	7,756,747
Financial securities	-	256,664,199	256,664,199	-	42,771,689	42,771,689
Cash and bank balances	-	239,788,100	239,788,100	-	38,597,611	38,597,611
Total	**4,479,234,498**	**511,698,529**	**4,490,933,027**	**682,848,201**	**81,369,300**	**764,217,501**
Financial Liabilities						
Treasury bills in issue	6,078,503,221	-	6,078,503,221	978,633,366	-	978,633,366
Long term loans & borrowings	974,897,184	-	974,897,184	156,957,540	-	156,957,540
Payables	147,706,290	-	147,706,290	23,780,575	-	23,780,575
Total	**7,201,106,695**	**-**	**7,201,106,695**	**1,159,371,481**	**-**	**1,159,371,481**

32.3 Market price risk

Market price risk is the risk of loss resulting from changes in market conditions and prices. Market price risk includes interest rate risk, currency risk and equity price risk. In its operations, the Group is obliged to accept certain market-related risks which would not be fully compatible with pure commercial practice. the Group nevertheless manages its market risks responsibly, utilising modern technology and appropriate organisational structures and procedures. Exposures and limits are measured continuously and strategies are routinely reviewed by management

32.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is managed at both the board and management level through regular policy and benchmarks which relates to interest rate risk management. The majority of the Group 's loans and advances facilities are at concessionary rates. the Group's senior management oversees the management of these risks and they are supported by a committee that advises on such risks and the appropriate risk governance framework for the Group. The committee provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

Listed below are the Group's interest earning assets and interest bearing liabilities:

	Inflation Adjusted		Historical	
	2019	**2018**	**2019**	**2018**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Loans & Advances	639,494,396	3,881,245,447	639,494,396	624,876,698
Preference Shares	2,449,341	61,761,717	2,449,341	9,943,579
Financial Securities	58,841,657	265,664,199	58,841,657	42,771,689
Total	**700,785,394**	**4,208,671,363**	**700,785,394**	**677,591,966**
Loans And Borrowings	229,832,923	974,897,184	265,064,484	156,957,540
Treasury Bills	1,025,866,888	6,078,503,221	1,025,866,888	978,633,366
	1,255,699,811	**7,053,400,405**	**1,290,931,372**	**1,135,590,906**

32.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Group's assets and liabilities are held in ZWL$ (the Group's functional currency) hence the corporation was not exposed to currency risk at year end.

32.6 Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Credit risk arises from such activities of the Group as advances to clients and deposits made with other institutions and the settlement of financial market transactions.

Credit mitigation is employed by the Group through taking collateral mostly in the form of immovable property and other guarantees. The Group is exposed to credit risk from its operating activities, financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is managed by the Group's Investment and Asset Management department in accordance with the Group's policy.

32.6.1 Concentration of credit risk

The Group deals with a variety of clients and its loans and advances are structured and spread among them. In addition, the Group has procedures and policies in place to limit the amount of credit exposure to any counterparty. The Group reviews, on a regular basis, the performance of counterparties and takes action accordingly to ensure that exposure limits are not exceeded. The Group was not exposed to any concentration risk as at year end.

32.6.2 Credit risk measurement

The Group assesses the probability of default of financial institutions or counterparty using internal rating scale tailored to the various categories of counterparties. The rating scale has been developed internally and combines data analysis with credit officer judgment and is validated, where appropriate, by comparison with externally available information. Clients of the Group are segmented into seven rating classes. the Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating scale is kept under review and upgraded as necessary. the Group regularly validates the performance of the rating and their predictive power with regard to default events.

Internal Ratings Scale

Rating Grade	Description of the rating
1	Pass
2	Special Mention
3	Sub-Standard
4	Doubtful and bad
5	Loss

32.6 Credit risk continued

	Inflation Adjusted				Historical			
	Neither Past due/nor impaired	Past due not Impaired	Past due and Impaired	Total	Neither Past due/nor impaired	Past due not Impaired	Past due and Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Credit Risk Analysis (2019)								
Cash and bank balances	176,096,389	-	-	176,096,389	191,715,392	-	-	191,715,392
Loans and advances	628,270,955	11,223,441	-	639,494,396	628,270,955	11,223,441	-	639,494,396
Debt asset conversion assets	37,816,338	-	-	37,816,338	37,816,338	-	-	37,816,338
Preference shares held	2,449,341	-	-	2,449,341	2,449,341	-	-	2,449,341
Receivables	76,047,470	-	-	76,047,470	101,725,775	-	-	101,725,775
Total	**920,680,493**	**11,223,441**	**-**	**931,903,934**	**961,977,801**	**11,223,441**	**-**	**973,201,242**
Credit Risk Analysis (2018)								
Cash and bank balances	239,788,100	-	-	239,788,100	38,597,611	-	-	38,597,611
Loans and advances	3,737,097,633	144,147,814	-	3,881,245,447	601,669,244	23,207,664	-	624,876,908
Debt asset conversion assets	483,701,104	-	-	483,701,104	77,875,428	-	-	77,875,428
Preference shares held	61,761,717	-	-	61,761,717	9,943,579	-	-	9,943,579
Receivables	52,526,378	-	-	52,526,378	8,456,698	-	-	8,456,698
Total	**4,574,874,932**	**144,147,814**	**-**	**4,719,022,746**	**736,542,560**	**23,207,664**	**-**	**759,750,224**

32.7 Credit risk exposure

The table below shows the maximum exposure to credit for the components of the statement of financial position.

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Cash and bank balances	176,096,389	239,788,100	191,715,392	38,597,611
Receivables	76,047,470	52,526,378	101,725,775	8,456,698
Loans and advances	639,494,396	3,881,245,447	639,494,396	624,876,698
Debt Asset Conversion	37,816,338	483,701,104	37,816,338	77,875,428
Preference shares held	2,449,341	61,761,717	2,449,341	9,943,579
	931,903,934	**4,719,022,746**	**973,201,242**	**759,750,014**

The Group held collateral worth ZWL$645million (2018 – ZWL$703 million) on advances to clients. The collateral held by the Group is in the form of real estate.

32.8 Liquidity risk

Liquidity risk is the risk that an entity may not be able to accommodate decreases in liabilities or to fund increases in assets in full at the time that a commitment or transaction is due for settlement. The Group faces liquidity risk on foreign obligations as it has limited capacity to create foreign currency when required. The Group has been adequately meeting its liquidity needs in local currency.

The table below analyses the Group's financial assets and financial liabilities into relevant maturity groups and the amounts disclosed in the table are the contractual undiscounted cash flows.

32.8.1 Maturity Analysis (2019)

	INFLATION ADJUSTED					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	14,725,254	7,796,533	169,028,133	38,283,003	229,832,923
Treasury bills in issue	-	360,366	5,168,342	54,862,615	965,475,565	1,025,866,888
Payables	-	165,847,192	6,221,055	-	-	172,068,247
Total Non-derivative liabilities	**-**	**180,932,812**	**19,185,930**	**223,890,748**	**1,003,758,568**	**1,427,768,058**
Assets held for managing liquidity risk						
Cash and bank balances	176,096,389	-	-	-	-	176,096,389
Receivables	-	-	76,047,470	-	-	76,047,470
Financial Securities	20,558,654	-	-	-	38,283,003	58,841,657
Loans and receivables	11,223,441	37,171,353	169,625,745	344,554,981	76,918,876	639,494,396
Debt asset conversion assets	-	-	-	37,816,338	-	37,816,338
Preference shares held	-	-	-	2,449,341	-	2,449,341
Local Shares	-	-	14,661,706	-	-	14,661,706
Total assets held for managing liquidity risk	**207,878,484**	**37,171,353**	**260,334,921**	**384,820,660**	**115,201,879**	**1,005,407,297**
Net exposure	**207,878,484**	**(143,761,459)**	**241,148,991**	**160,929,912**	**(888,556,689)**	**(422,360,761)**

32.8.2 Maturity Analysis (2019)

	HISTORICAL					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	14,725,254	7,796,533	204,259,694	38,283,003	265,064,484
Treasury bills in issue	-	360,366	5,168,342	54,862,615	965,475,565	1,025,866,888
Payables	-	235,434,217	9,139,460	-	-	244,573,677
Total Non-derivative liabilities	**-**	**250,519,837**	**22,104,335**	**259,122,309**	**1,003,758,568**	**1,535,505,409**
Assets held for managing liquidity risk						
Cash and bank balances	191,715,392	-	-	-	-	191,715,392
Receivables	-	-	101,725,775			101,725,775
Financial Securities	20,558,654	-	-	-	38,283,003	58,841,657
Loans and receivables	11,223,441	37,171,353	169,625,745	344,554,981	76,918,876	639,494,396
Debt asset conversion assets	-	-	-	37,816,338	-	37,816,338
Preference shares held	-	-	-	2,449,341	-	2,449,341
Local Shares	-	-	14,661,706	-	-	14,661,706
Total assets held for managing liquidity risk	**223,497,487**	**37,171,353**	**286,013,226**	**384,820,660**	**115,201,879**	**1,046,704,605**
Net exposure	**223,497,487**	**(213,348,484)**	**263,908,891**	**125,698,351**	**(888,556,689)**	**(488,800,444)**

32.8.3 Maturity Analysis (2018)

	INFLATION ADJUSTED					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	80,926,995	62,969,712	593,216,476	237,784,001	974,897,184
Treasury bills in issue	-	-	21,804,915	288,596,748	5,768,101,558	6,078,503,221
Payables	147,706,290	-	-	-	-	147,706,290
Total Non-derivative liabilities	**147,706,290**	**80,926,995**	**84,774,627**	**881,813,224**	**6,005,885,559**	**7,201,106,695**
Assets held for managing liquidity risk						
Cash and bank balances	239,788,100	-	-	-	-	239,788,100
Receivables	-	-	52,526,378	-	-	52,526,378
Financial Securities	27,880,198	-	-	-	237,784,001	265,664,199
Loans and receivables	144,147,814	78,765,157	417,538,784	1,580,138,268	1,660,655,424	3,881,245,447
Debt asset conversion assets	-	-	-	483,701,104	-	483,701,104
Preference shares held	-	-	-	61,761,717	-	61,761,717
Local Shares	-	-	-	-	-	-
Total assets held for managing liquidity risk	**411,816,112**	**78,765,157**	**470,065,162**	**2,125,601,089**	**1,898,439,425**	**4,984,686,945**
Net exposure	**264,101,682**	**(2,161,838)**	**385,290,535**	**1,243,787,865**	**(4,107,446,134)**	**(2,216,419,750)**

32.8.4 Maturity Analysis (2018)

	HISTORICAL					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	13,029,171	10,138,065	95,507,301	38,283,003	156,957,540
Treasury bills in issue	-	-	3,510,571	46,463,808	928,658,987	978,633,366
Payables	23,780,575	-	-	-	-	23,780,575
Total Non-derivative liabilities	**23,780,575**	**13,029,171**	**13,648,636**	**141,971,109**	**966,941,990**	**1,159,371,481**
Assets held for managing liquidity risk						
Cash and bank balances	38,597,611	-	-	-	-	38,597,611
Receivables	-	-	8,456,698	-	-	8,456,698
Financial Securities	4,488,686	-	-	-	38,283,003	42,771,689
Loans and receivables	23,207,664	12,681,117	67,223,356	254,400,792	267,363,979	624,876,908
Debt asset conversion assets	-	-	-	77,875,428	-	77,875,428
Preference shares held	-	-	-	9,943,579	-	9,943,579
Local Shares	-	-	-	-	-	-
Total assets held for managing liquidity risk	**66,293,961**	**12,681,117**	**75,680,054**	**342,219,799**	**305,646,982**	**802,521,913**
Net exposure	**42,513,386**	**(348,054)**	**62,031,418**	**200,248,690**	**(661,295,008)**	**(356,849,568)**

32.8.5 Default and breaches disclosure

As at reporting date, the Group was not in default for any of the loans and payables.

32.8.6 Secured and unsecured Loans and Advances (2019)

	Inflation Adjusted			Historical		
	Security Value	Unsecured Value	Total	Security Value	Unsecured Value	Total
		ZWL	ZWL	ZWL	ZWL	ZWL
Financial Assets						
Loans and advances	639,494,396	-	639,494,396	639,494,396	-	639,494,396
Debt asset conversion assets	37,816,338	-	37,816,338	37,816,338	-	37,816,338
Receivables	-	76,047,470	76,047,470	-	101,725,775	101,725,775
Financial securities	58,841,657	-	58,841,657	58,841,657	-	58,841,657
Total	**736,152,391**	**76,047,470**	**812,199,861**	**736,152,391**	**101,725,775**	**837,878,166**
Secured and Unsecured Financial Liabilities						
Treasury bills in issue	-	1,025,866,888	1,025,866,888	-	1,025,866,888	1,025,866,888
Loans & borrowings	4,000,000	225,832,923	229,832,923	4,000,000	261,064,484	265,064,484
Payables	-	172,068,247	172,068,247	-	244,573,677	244,573,677
Total	**4,000,000**	**1,423,768,058**	**1,427,768,058**	**4,000,000**	**1,531,505,049**	**1,535,505,049**

The security held on the financial assets is in the form of Government guarantees and real estate.

32.8.7 Secured and unsecured Loans and Advances (2018)

	Inflation Adjusted			Historical		
	Security Value	Unsecured Value	Total	Security Value	Unsecured Value	Total
		ZWL	ZWL	ZWL	ZWL	ZWL
Financial Assets						
Loans and advances	3,881,245,447	-	3,881,245,447	624,876,908	-	624,876,908
Debt asset conversion assets	483,701,104	-	483,701,104	77,875,428	-	77,875,428
Receivables	-	52,526,378	52,526,378	-	8,456,698	8,456,698
Financial securities	265,664,199	-	265,664,199	42,771,689	-	42,771,689
Total	**4,630,610,750**	**52,526,378**	**4,683,137,128**	**745,524,025**	**8,456,698**	**753,980,723**
Secured and Unsecured Financial Liabilities						
Treasury bills in issue	-	6,078,503,221	6,078,503,221	-	978,633,366	978,633,366
Loans & borrowings	-	974,897,184	974,897,184	-	156,957,540	156,957,540
Payables	-	147,706,290	147,706,290	-	23,780,575	23,780,575
Total	**-**	**7,201,106,695**	**7,201,106,695**	**-**	**1,159,371,481**	**1,159,371,481**

The security held on the financial assets is in the form of Government guarantees and real estate.

33. CAPITAL MANAGEMENT

The Groups objectives when managing capital, which is a broader concept than the equity on the face of financial position, are:

* To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders.
* To maintain a strong capital position necessary for its term financial health, and to support the development of its business.

The Group is not subject to capital requirements by a regulatory body.

The table below summarises the composition of the Group's capital for the year ended 31 December 2019.

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Share capital	6,211	6,211	1,000	1,000
Share premium	219,172,203	219,172,203	35,286,521	35,286,521
Non Distributable Reserve	41,954,015	-	96,099,573	3,163,007
Equity component of compound financial instruments	(849,687)	(849,687)	10,697,993	(136,799)
Retained Earnings	311,507,731	(1,808,253,758)	203,030,392	(294,290,180)
	571,790,473	**(1,589,925,031)**	**345,085,479**	**(255,976,451)**

The allocation of capital between specific business operations is largely driven by optimisation of the return achieved on the capital allocated. The Board of Directors sets the assets and liability management policies that determine the eventual asset allocation dependent on the strategic objectives of the Group.

The Group uses return on capital employed, synergies with other operations and activities, fit with the longer term strategic objectives of the Group and availability of management and other resources in allocating its capital expenditure activities.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

34. RELATED PARTY INFORMATION

ZAMCO is wholly owned by the Reserve Bank of Zimbabwe. ZAMCO had a controlling interest of 57.4% in Starafricacorporation Limited as at 31 December 2019. The results of the subsidiary are presented in the group financial report for the year 2019. There were no intercompany transactions between ZAMCO and Starafricacorporation during the period.

34.1 Compensation of key management personnel of the Group.

As required by IAS 24 Related Party Disclosures, key management remuneration and non-Executive Directors' fees are broken down as:

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Non-Executive Directors	1,145,672	623,606	458,603	100,400
Key management personnel	1,297,111	502,084	570,796	96,935
	2,442,783	**1,125,690**	**1,029,399**	**197,335**

34.2 Balances with related parties

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Reserve Bank of Zimbabwe (Parent)	68,289,457	212,745,192	68,289,457	34,251,778
Government of Zimbabwe (Owner of Parent)	32,031,490	14,740,688	32,031,490	2,373,237
	100,320,947	**227,485,880**	**100,320,947**	**36,625,015**

The movement during the year arose from payments made on behalf of the Group by the Reserve Bank of Zimbabwe.

35. COMPARATIVE FIGURES

Comparative figures used in this report represent 2018 audited Group financial statements figures, adjusted for inflation according to the procedure in note 2 to the financial statements.

36. EVENTS AFTER REPORTING PERIOD COVID-19

The World Health Organisation declared the covid-19 disease a pandemic and the Government of Zimbabwe responded by implementing a lockdown starting on 30 March 2020, to curb the spread of the disease. There has been a significant change in the way the entity conducts its business in light of the pandemic, mainly in relation to human interaction. The entity continues to offer services to its clients, albeit with the minor alterations stated below.

Staff has been encouraged and resourced to work from home. Engagements with clients have also been limited to virtual, unless critically important and unavoidable. The extent, impact and duration of the pandemic remain uncertain and dependent on future developments, which cannot be predicted at this time.

Management continues to monitor developments in relation to the pandemic with a view to safeguarding the health of staff and clients. Protective equipment, fumigation of premises and working-from-home expenditures are some of the emergent costs that the entity faces as it continues offering services during this pandemic.

The impact of the pandemic on the financial position of the company has been minimal to insignificant. Clients have paid off significant amounts of debt held during the lockdown period, partly due to high inflation. However, envisaged and contracted land developments projects have stalled because of the inability of contractors to get a full range of services from labour and suppliers due to lockdown restrictions. There will be need to revise completion timelines for these projects.

DEBT ASSET SWAP REVERSAL

An account that was converted into a debt asset swap in November 2019, and reported under investment property, was reversed in 2020. The circumstances surrounding the reversal were such that it was not possible for the Group to enforce transfer of the said property. The reversal prejudices the entity an amount of $1.6 million in previously recognized fair value adjustments.

37. GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern. They are satisfied that preparation of the financial statements on a going concern basis is still appropriate. The Directors have committed themselves to the continual assessment of the appropriateness of applying the going concern in the preparation of the financial statements of the Group. The Directors have also assessed the potential sensitivity to the financial position of the Group arising from exchange rate variances. These have been deemed to have minimal impact on the ability of the Group to continue operating as a going concern as the greatest portion all assets and liabilities held are in matched currencies.

Based on the Group's financial performance, maturity profile for its financial assets and liabilities, cashflow management, support from the Government and RBZ, the Group's Directors conclude that the Group will continue to realise its assets and liabilities in the ordinary course of business. These financial statements are therefore prepared on a going concern basis.

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Contents | Page

The Directors of Zimbabwe Asset Management Corporation have pleasure in submitting their report for the financial year ended 31 December 2019.

1. NATURE OF BUSINESS

1.1 Zimbabwe Asset Management Corporation ("ZAMCO", "the corporation", "the entity") was established in 2014 as a private entity.

The functions of ZAMCO, in accordance with the Banking Amendment Act (2015), are as follows:

a) To acquire, reschedule, dispose of, hold, manage, or otherwise settle non-performing loans of banking institutions;
b) Manage, acquire, restructure and dispose of distressed or problem or failed banking institutions, on the direction of the Reserve Bank; and
c) To perform other functions related to the acts mentioned in paragraphs a) and b) above.

2. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and integrity of financial statements that present the state of affairs of ZAMCO as at 31 December 2019. These include statements of profit or loss and other comprehensive income, financial position, cash flows and changes in equity for the year then ended and information contained in this report.

In order to meet the above requirements, the Directors are responsible for maintaining adequate accounting records and internal controls to safeguard the assets of ZAMCO and to prevent and detect fraudulent activities. The internal control systems were implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Compliance with Local Legislation

These financial statements comply with the Companies Act (Chapter 24.03), and have been prepared to comply with the Statutory Instrument 33 of 2019, issued on 22 February 2019 and the guidance issued by the Public Accountants and Auditors Board (PAAB) on 21 March 2019. Statutory Instrument 33 of 2019 specified that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars, shall on and after the effective date, (22 February 2019) be deemed to be valued in RTGS dollars at a rate of one-to-one to the United States Dollar.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL$) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar. The ZWL$ has been adopted as the Functional and Reporting currency of ZAMCO as at 31 December 2019.

Compliance with IFRS

The financial statements have been prepared to take account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. These financial statements are prepared in order to comply with International Financial Reporting Statements (IFRS), as issued by the International Accounting Standards Board (IASB). The historic cost financial statements are presented herein as supplementary information. ZAMCO's external auditors have not expressed an opinion on this historic financial information due to its non-compliance with IAS 29.

Pursuant to the recognition of the RTGS dollar as currency in Zimbabwe in February 2019 and as reported in these financial statements, ZAMCO adopted the change in functional currency translation guidelines prescribed by Statutory Instrument (S.I.) 33, which prescribed parity between the RTGS dollar and the US dollar for certain balances. In our opinion and based

on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing these financial statements, for the year ended 31 December 2019, to comply with statutory requirements created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes in foreign exchange rates) as well as with the principles in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2019 Financial Statements being different from that which the Directors would have adopted if the entity had been able to fully comply with IFRSs.

The audited financial statements are presented in Zimbabwean Dollars (ZWL$). These were audited by our independent auditors, Ernst & Young, who were given unrestricted access to all the accounting records and supporting documentation.

3. BOARD MEMBERS AND COMMITTEES

The following is the composition of the ZAMCO Board of Directors, as well as the various board committees. The Board is made up of non-executive directors only.

SN	NAME	DESIGNATION	STATUS
1	Mr. B. Mswaka	Board Chairperson Chairperson – HR* Committee Committee Member : Credit and Debt Restructuring Committee	Independent Non-Executive Director
2	Dr. J. T. Chipika	Committee Member : Audit Committee	Non-Executive Director
3	Mr. A. Saburi	Committee Member : HR* & Credit and Debt Restructuring Committees	Non-Executive Director
4	Mr. N. Mataruka	Committee Member : HR* & Credit and Debt Restructuring Committees	Non-Executive Director
5	Mr.E.M. Zvandasara	Committee Member : Audit Committee	Non-Executive Director
6	Mrs. V. Nyemba	Committee Member: Audit & Credit and Debt Restructuring Committees	Independent Non-Executive Director
7	Mr. D. Psillos	Committee Member : Credit and Debt Restructuring Committee	Independent Non-Executive Director
8	Mr. S.T. Biyam	Committee Member: Audit & Credit and Debt Restructuring Committees	Independent Non-Executive Director
9	Mr. R.G. Muirimi	Chairperson – Credit and Debt Restructuring Committee	Independent Non-Executive Director
10	Mr. J.M. Chikura	Chairperson – Audit Committee	Independent Non-Executive Director Retired w.e.f 31 August 2019
11	Mr. V. Vuma	Committee Member : HR* & Credit and Debt Restructuring Committees	Independent Non-Executive Director Appointed w.e.f 1 September 2019

** Human Resources*

** Mr. N. Mataruka retired from the ZAMCO Board in March 2020, but unfortunately passed on in July 2020*

The following were the Audit, Risk and Oversight Committee members for the entity.

- Mr. J. Chikura (Chairperson)#
- Dr. J. T. Chipika
- Mr. E. Zvandasara *
- Mr. S. T. Biyam
- Mrs. V. Nyemba

Retired with effect from 31 August 2019

* Chairperson with effect from 1 September 2019.

The Audit, Risk and Oversight Committee met regularly with ZAMCO's external auditors and senior management to review accounting, auditing, internal control and financial reporting matters. The external auditors have unrestricted access to the Audit, Risk and Oversight Committee.

4. ACCOUNTING POLICIES

The accounting policies adopted by ZAMCO are set out in 'notes 3-5' to the financial statements.

5. RESULTS OF ZAMCO'S OPERATIONS

The corporation recorded a profit for the year of ZWL$1,916,734,314 against a profit of ZWL$458,109,603 from the 2018 financial year. The profit was as a result of normal ZAMCO operations during the period under review.

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Profit for the year	329,592,403	185,733,211	435,170,761	29,902,874
Impairment Reversal	111,408,745	272,376,392	111,408,745	43,852,346
Net Monetary Gain	1,475,733,166	-	-	-
Profit after impairment	**1,916,734,314**	**458,109,603**	**546,579,506**	**73,755,220**

6. IMPAIRMENT OF FINANCIAL ASSETS

An assessment for impairment was carried out as at 31 December 2019, resulting in a reversal of impairment being recorded for the period of $111 million in accordance with IFRS 9. The reversal was mainly a result of Agricultural portfolio which had initially been provided for in 2018 settling their accounts hence reducing the expected loss provision.

7. GOING CONCERN

ZAMCO is a wholly owned subsidiary of the RBZ, created through the provisions of the RBZ Act, Section 57A. The Act gives ZAMCO a specific mandate and timeline for its operation. It further guides that at the end of its mandate, ZAMCO's assets and liabilities be transferred to the RBZ. ZAMCO uses Government Treasury Bonds to purchase NPLs. ZAMCO's operational funding is generated from interest on loans and advances, facility fee charges as well as disposal of investment properties held.

The Government of Zimbabwe directed that ZAMCO stop the purchase of any further NPLs. The RBZ is also committed to meeting ZAMCO's obligations in periods when ZAMCO has no capacity to meet these. From an assessment of assets held, ZAMCO has capacity to meet all its obligations when they fall due in the foreseeable future.

Accordingly, based on ZAMCO's financial performance, maturity profile for its financial assets and liabilities, cashflow management, support from the Government and RBZ, ZAMCO's management concludes that the entity will continue to realise its assets and liabilities in the ordinary course of business. These financial statements are therefore prepared on a going concern basis.

8. APPROVAL OF FINANCIAL STATEMENTS

The financial statements which appear on pages 103 to 146 were approved by the Directors on 11 December 2020 and the Directors authorised the following officials to sign the financial statements:

Mr. B. Mswaka
Chairman of the Board

Mr. W. Madera
Company Secretary

Mr. T. Muzariri
Chief Finance Officer

Dr. C. Kanhai
Chief Executive Officer

Date: 21 December 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		Restated		Historical	
		2019	2018	2019	2018
	Notes	ZWL$	ZWL$	ZWL$	ZWL$
Interest and Commission Income	6.1	260,687,839	369,848,814	89,306,938	59,545,315
Interest and Commission Expense	6.2	(172,271,325)	(318,202,416)	(53,466,701)	(51,230,293)
Net Interest Income and Commission		**88,416,514**	**51,646,398**	**35,840,237**	**8,315,022**
Other Income	6.3	131,478,595	31,676,351	65,547,790	5,099,863
Operating Costs	6.4	(49,061,467)	(32,554,871)	(21,344,599)	(5,241,304)
Profit for the year before impairment of financial assets		**170,833,642**	**50,767,878**	**80,043,428**	**8,173,581**
Financial Assets Impairment reversal	7	111,408,745	272,376,394	111,408,745	43,852,346
Other Comprehensive Income and Expenses		158,758,761	134,965,331	355,127,333	21,729,293
Net Monetary Gain		1,475,733,166	-	-	-
Total Comprehensive Profit		1,916,734,314	458,109,603	546,579,506	73,755,220

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Inflation Adjusted		Historical	
		2019	2018	2019	2018
Assets					
Cash balances	8	142,801,938	195,720,825	142,801,938	31,510,871
Receivables	9	2,697,487	7,756,747	2,654,033	1,248,829
Loans and advances	10.1	639,494,396	3,882,610,094	639,494,396	625,096,614
Debt Asset Conversion	10.2	37,816,338	483,701,107	37,816,338	77,875,428
Local Shares	11	112,651,818	222,881,430	112,651,818	35,883,703
Preference Shares held	12	2,449,341	61,761,716	2,449,341	9,943,579
Financial Securities	13	58,841,657	265,664,200	58,841,657	42,771,689
Inventory	16	16,050,593	4,214,851	8,589,034	678,587
Assets under development	17	37,603	1,941,760	37,603	312,622
Investment Property	18	480,498,608	234,050,482	480,498,608	37,681,910
Property and equipment	20	7,695,480	3,452,949	1,809,106	555,922
Total Assets		**1,501,035,259**	**5,363,756,161**	**1,487,643,872**	**863,559,754**
EQUITY & LIABILITIES					
Capital & Reserves					
Share capital	21	6,211	6,211	1,000	1,000
Share premium	21	219,172,203	219,172,203	35,286,521	35,286,521
Retained Earnings	22	80,438,003	(1,836,296,311)	250,937,509	(295,641,997)
		299,616,417	**(1,617,117,897)**	**286,225,030**	**(260,354,476)**
Liabilities					
Loans and Borrowings	23	154,731,103	843,086,296	154,731,103	135,736,108
Treasury Bills In Issue	24	1,025,866,888	6,078,503,221	1,025,866,888	978,633,366
Deferred income	25	3,309,751	29,131,081	3,309,751	4,690,077
Payables	26	17,511,100	30,153,460	17,511,100	4,854,679
		1,201,418,842	**6,980,874,058**	**1,201,418,842**	**1,123,914,230**
Total Equity &Liabilities		**1,501,035,260**	**5,363,756,161**	**1,487,643,871**	**863,559,754**

These financial statements were prepared by the finance department of Zimbabwe Asset Management Corporation, under the direction and supervision of the Chief Finance Officer, Tatenda Muzariri (PAAB Number 04011).

Mr. B. Mswaka
Chairman of the Board

Mr. W. Madera
Company Secretary

Mr. T. Muzariri
Chief Finance Officer

Dr. C. Kanhai
Chief Executive Officer

Date: 21 December 2020

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital	Share Premium	Accumulated Profit/Loss	Total
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 31 December 2017	6,211	1,779,643	(714,314,391)	(712,528,537)
Impact of adopting IFRS 9	-	-	(1,580,091,523)	(1,580,091,523)
Restated balance at 1 January 2018	**6,211**	**1,779,643**	**(2,294,405,914)**	**(2,292,620,060)**
Share Premium	-	217,392,560	-	217,392,560
Profit for the year	-	-	458,109,603	458,109,603
Balance at 31 December 2018	6,211	219,172,203	(1,836,296,311)	(1,617,117,897)
Share premium	-	-	-	-
Profit for the year	-	-	1,916,734,314	1,916,734,314
				-
Balance at 31 December 2019	**6,211**	**219,172,203**	**80,438,003**	**299,616,417**

	Share capital	Share Premium	Accumulated Profit/Loss	Total
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 31 December 2017	1,000	286,521	(115,003,952)	(114,716,431)
Impact of adopting IFRS 9	-	-	(254,393,265)	(254,393,265)
Restated balance at 1 January 2018	**1,000**	**286,521**	**(369,397,217)**	**(369,109,696)**
Share Premium	-	35,000,000	-	35,000,000
Profit for the year	-	-	73,755,220	73,755,220
Balance at 31 December 2018	**1,000**	**35,286,521**	**(295,641,997)**	**(260,354,476)**
Share premium	-	-	-	-
Profit for the year	-	-	546,579,506	546,579,506
				-
Balance at 31 December 2019	**1,000**	**35,286,521**	**250,937,509**	**286,225,030**

STATEMENT OF CASH FLOWS

As at 31 December 2019

	Notes	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,916,734,314	458,109,603	546,579,506	73,755,220
Adjustments for items not affecting cashflows					
Depreciation		876,452	983,298	325,958	158,310
Fair value Adjustment		(158,758,761)	(134,965,333)	(355,127,333)	(21,729,293)
Allowance for credit loss	7	(111,408,745)	(272,376,393)	(111,408,745)	(43,852,346)
Loss on the sale of PPE		46,616	-	43,848	-
Net Monetary loss		(1,731,243,141)	-	-	-
Net cash from operating activities		**(83,753,265)**	**51,751,175**	**80,413,234**	**8,331,891**
(Increase) / Decrease in receivables	14	83,367,486	1,485,597,222	83,410,941	(239,179,771)
(Increase) / Decrease in inventories		(7,910,447)	(4,214,850)	(7,910,447)	(678,587)
Increase / (Decrease) in trade payables	15	44,689,695	(1,501,606,421)	44,689,695	(241,757,237)
Cash generated from operations		**36,393,469**	**31,527,126**	**200,603,423**	**5,075,838**
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment property		(87,689,366)	(99,085,149)	(87,689,366)	(15,952,617)
Purchase of property, plant and equipment		(1,622,990)	(1,193,330)	(1,622,990)	(192,125)
Acquisition of portfolio investments		(32,814,917)	(2,428,634,788)	(32,814,917)	(391,007,942)
Net cash used in investing activities		**(122,127,273)**	**(2,528,913,267)**	**(122,127,273)**	**(407,152,684)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Long Term Borrowings		32,814,917	2,428,634,788	32,814,917	391,007,942
Advances from shareholder		-	217,392,560	-	35,000,000
Net cash used in financing activities		**32,814,917**	**2,646,027,348**	**32,814,917**	**426,007,942**
Net increase in cash and cash equivalents		**(52,918,887)**	**148,641,207**	**111,291,067**	**23,931,096**
Cash & cash equivalents at beginning of the year		**195,720,825**	**47,079,618**	**31,510,871**	**7,579,775**
Cash and cash equivalents at end of the year	8	**142,801,938**	**195,720,825**	**142,801,938**	**31,510,871**

1. REPORTING ENTITY

The Zimbabwe Asset Management Corporation is an entity incorporated under the Companies Act [Chapter 24:03]. It is incorporated and domiciled in Zimbabwe. ZAMCO's registered office is 5th Floor, Hardwicke House, 72-74 Samora Machel Avenue, Harare.

1.1. Nature of business

The functions of ZAMCO are as follows:

a) To acquire, reschedule, dispose of, hold, manage, or otherwise settle non-performing loans of banking institutions;

b) Manage, acquire, restructure and dispose of distressed or problem or failed banking institutions, on the direction of the Reserve Bank; and

c) To perform other functions related to the acts mentioned in paragraphs a) and b) above.

2. BASIS OF PREPARATION

ZAMCO's financial results have been prepared under policies consistent with the requirements of the Companies Act (Chapter 24.03). The financial results have been restated take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. ZAMCO prepares financial statements with the aim to comply fully with International Financial Reporting Standards (IFRS). IFRS compliance is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to comply fully with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the 2018 and 2019 Financial Statements being different from that which the Directors would have adopted if ZAMCO had been able to comply fully with IFRS.

Change in functional currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.
- Indicated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1: 1 to the US dollar and would become opening RTGS dollar values from the effective date. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the entity's transactional and functional currency had changed to the RTGS dollar. ZAMCO adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of US$1: ZWL$2.5.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL$) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar. In this regard, these financial statements are therefore presented in ZWL$, being the currency of the primary economic environment in which the entity operates.

2.1 Financial Reporting Presentation

ZAMCO presents its statement of financial position in order of liquidity.

2.2 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years. Management judgment was used in the application of accounting policies that have a significant effect on the financial statements and on estimates with a significant risk of material adjustments in the subsequent year

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5, to the financial statements.

2.3 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on year inflation amongst other indicators outlined in IAS 29 resulted in a consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 which requires that the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit. ZAMCO adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
31 December 2019	551.625	1.000
31 December 2018	88.080	6.211

The procedures applied in the above restatement of transactions and balances are as follows:

- All comparative figures as of and of the year ended 31

December 2018 were restated by applying the change in the index from 31 December 2018 to 31 December 2019.

- Restated retained earnings was derived from all the other amounts in the restated statement of financial position
- Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity were restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2019.
- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. Depreciation and amortisation amounts are based on the restated costs or carrying amounts.
- Income statement items/transactions, except for depreciation and amortisation charges explained above, are restated by applying the monthly index for the year ended 31 December 2019.
- Gains and losses arising from the net monetary position are included in the statement of profit or loss and in the statement of cash flows as non-cash items.
- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.
- The inflation effects on cash and cash equivalents were shown separately in the reconciliation of cash and cash equivalents.

Historical financial statements have been presented to allow comparability during the transitional phase in applying the standard, although IAS 29 discourages their publication.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue is the increase in economic benefits arising in the course of ZAMCOs ordinary activities during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants.

3.1.1 Interest income

Interest income arises from ZAMCO's lending and money market activities. It is accrued on a time apportionment basis, by reference to the principal outstanding and at the interest rate applicable to the instrument as further explained in note 4.1.10.

3.1.2 Fee income

ZAMCO recognises fees on an accrual basis from loan restructuring services in accordance with the substance of the underlying transaction.

3.1.3 Dividend income

Dividend income from investments is recognised when ZAMCO's rights to receive the dividend have been established.

3.2 Functional and presentation currency

These financial statements are presented in Zimbabwean Dollars being the currency of the primary economic environment in which the entity operates after the issuance of SI33 OF 2019 marked the return of the Zimbabwe Dollar.

3.3 Transactions and balances

Following SI33, All previously held USD balances were converted as 1:1 to Zimbabwean Dollars.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of 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 translation 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 recognized in other comprehensive income or the statement of profit or loss is also recognized in other comprehensive income or the statement of profit or loss, respectively).

3.3 Employee benefits

3.3.1 Retirement benefit costs

ZAMCO contributes towards a defined contribution plan. Contributions to this plan are recognised as an expense in the statement of profit or loss and other comprehensive income in the periods in which services are rendered by the employees.

3.3.2 Pension scheme

ZAMCO and its employees contribute 12% and 6% of pensionable earnings respectively to the Fintrust Pension Fund. Employer and employees contribute towards the mandatory National Social Security's Pension Scheme. The funds are defined contribution funds, the assets of which are held in a separate trustee-administered fund.

3.3.3 Termination benefits

Termination benefits are recognised as an expense when ZAMCO is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if ZAMCO has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.3.4 Short term benefits

Short term benefits consist of salaries, accumulated leave payments and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under accumulated leave if ZAMCO has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.4 Taxation

ZAMCO is exempt from Income Tax and Capital Gains Tax in terms of the Income Tax Act (Chapter 23:06) and the Capital Gains Tax Act (Chapter 23:01) respectively.

3.5 Property and equipment

Land and buildings held for use in the provision and supply of services, or for administrative purposes, are initially measured at cost and subsequently stated in the statement of financial position at their revalued amounts, being the fair value at the reporting date, determined from market-based evidence by appraisal undertaken by independent professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from the fair value determined at the reporting date.

Property and equipment are revalued after three years in accordance with the Audit, Risk and Oversight Committee guidelines. Any revaluation increase arising on the revaluation of buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount is charged as an expense to the extent that it exceeds the balance, if any, held in revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to the accumulated fund.

Furniture, equipment and motor vehicles are stated at acquisition cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the acquisition cost or valuation of assets, other than land and buildings under construction, over their estimated useful lives to their residual values, using the straight line method, on the following basis:

Buildings	50 Years
Computer Equipment	4 Years
Computer Software	4 Years
Office Equipment	4 Years
Furniture and Fittings	10 Years
Motor vehicles	5 Years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income or expense in profit or loss.

3.5.1 Property Valuation

ZAMCO's Property valuations rely on available market evidence as input for calculating fair values. This includes transaction prices for comparable properties, rents and capitalisation rates. The market information available during the period under review was largely denominated in the US$ currency. As such the valuers relied on US$ based evidence and produced valuations which are denominated in that currency. The entity adopted the approach of converting the resultant US$ valuations at the official exchange rate on the date of valuation, to calculate ZWL property values which were then included in the 2019 Financial Statements.

3.6.1 Financial instruments

Financial assets and financial liabilities are recognised in ZAMCO's balance sheet when ZAMCO 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, ZAMCO 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 consider when pricing the asset or liability.

3.6.1.1 Financial Assets and Financial Liabilities

ZAMCO classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. ZAMCO determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by ZAMCO's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL, for other equity instruments, ZAMCO can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or ZAMCO has opted to measure them at FVTPL.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 at ZAMCO. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail below.

3.6.1.2 Classification and Measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities was done in accordance with IFRS 9.

3.6.1.3 Measurement

3.6.1.3.1 Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income.

3.6.1.3.2 Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

3.6.1.3.3 Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the entity's own credit risk will be recognized in other comprehensive (loss) income.

ZAMCO considers the following as constituting an event of default:

- the financial asset is past due more than 90 days on any material credit obligation to ZAMCO; or
- the financial asset is unlikely to pay its credit obligations to ZAMCO in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the borrower is unlikely to pay its credit obligation, ZAMCO considers both qualitative and quantitative indicators. The information assessed depends on the type of the asset and sources of information to assess default which are either developed internally or obtained from external sources.

3.6.1.4.1 Significant increase in credit risk

ZAMCO monitors all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk ZAMCO will measure the loss allowance based on lifetime rather than 12-month ECL.

ZAMCO's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, ZAMCO compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, ZAMCO considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the ZAMCO's historical experience and expert credit assessment including forward-looking information.

3.6.1.4.1 Significant increase in credit risk

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

3.6.1.4.2 Write-off

Financial assets are written off when ZAMCO has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when ZAMCO determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

3.6.1.4.3 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

3.6.1.5 Derecognition

3.6.1.5.1 Financial assets

ZAMCO derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of comprehensive. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive (loss) income.

ZAMCO derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive income.

3.6.1.6 Fair Values

Fair values have been determined for measurement and/ or disclosure purposes based on the following methods.

ZAMCO characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximated their fair values because of the short-term nature of these financial instruments.The carrying values of receivables, approximated their fair values because the carrying values represented the amounts that ZAMCO would receive or pay if those financial instruments were to settle as of 31 December 2019.

The carrying value of unquoted securities was based unobservable inputs in calculating the fair value. The value of the shares as at 31 December 2019 and was therefore considered to be Level 3.

3.6.1.7 Use of Judgements and Estimates

The preparation of the financial statements in accordance with IFRS requires ZAMCO to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. While the estimates are based on the most reliable data available, actual results, in the near term, could differ significantly from those estimates depending upon certain events and uncertainties, including:

3.6.1.7 Use of Judgements and Estimates

The timing and extent of losses ZAMCO incurs as a result of future failures of

- Balance disputes;
- Entities that are closed;
- The ability to recover its receivables;
- Expectations of the liquidation of entities; and
- The probability of recovery through successful lawsuits as appropriate against relevant parties.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying ZAMCO's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and them business model test. ZAMCO determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. ZAMCO monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of ZAMCO's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Significant increase of credit risk: As explained in note above, ECL are measured as an allowance equal to 12-month ECL for stage1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased ZAMCO considers qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 1 and note 3 for more details.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. ZAMCO monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Resegmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: ZAMCO uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

1. Trade receivables

In coming up with the ECL on financial assets, management considered the nature of ZAMCO's debtors, the historical performance of the debtors, and current and forward-looking information. The general approach as permitted by IFRS 9 was used in computing ECL on trade debtors.

2. Staff Receivables

Staff loans are not collateralized, which has the effect of increasing the ECL on the loans. In computing probabilities of default, management decided to make use of RBZ default rates on personal loans and staff turnover ratios for the entity. Staff debtors are however considered to be low risk as the repayments are deducted at source.

3.6.1.8 Income

Interest Income

Interest income for all financial instruments except for those designated as at FVTPL is recognised as 'Interest income' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated considering all the contractual terms of the instrument. The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition. The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL. ZAMCO has elected to present the full fair value movement of assets and liabilities at FVTPL, including the related interest income, expense and dividends.

4. NEW AND AMENDED STANDARDS

4.1 IFRS 16: LEASES

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. ZAMCO did not have any contracts classified as leases under the standard, as such, the impact of the standard is not reflected in these financial statements.

4.2 *Early adoption of issued but not yet effective standards ZAMCO did not opt to adopt early the various standards and interpretations that are in issue but not yet effective, as such they do not have an impact on the disclosures herein contained.* ZAMCO is currently assessing the impact of the standards yet to be effective.

5. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION IN APPLYING ZAMCO'S ACCOUNTING POLICIES

In the process of applying ZAMCO's accounting policies, the Directors have made the following judgments and estimations that have a significant effect on the amounts recognised in the financial statements.

5.1 Property and equipment values, useful lives, residual values and depreciation rates

ZAMCO's property and equipment are depreciated using depreciation rates, useful lives and residual values estimated by the Directors.

5.2 Going concern

The entity's management has made an assessment of its ability to continue as a going concern and is satisfied that the entity has the resources to continue in business for the foreseeable future. Despite a net liability position presented in these financial statements, the support from the Reserve Bank and Government of Zimbabwe ensures that the corporation will fully discharge its mandate. Therefore, the financial statements continue to be prepared on the going concern basis.

5.3 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as discount rates, prepayment rates, time to maturity and default rate assumptions for debt securities

5.4 Impairment of financial assets

In assessing impairment, ZAMCO classifies its financial instruments according to the likelihood of default, with classes ranging from stage 1 (initial recognition and up-to date accounts), stage 2 (accounts with increased credit risk) to stage 3 (accounts in default). Mathematical models incorporating probabilities of default, exposure at default, loss given defaults and recovery rates are employed to determine the expected credit losses which become the impairment provisions.

6 INCOME AND EXPENDITURE

6.1 Interest and Fee income comprises:

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Interest Income	235,847,152	333,057,179	80,714,522	53,621,895
Preference Share Coupon	12,510,634	30,854,656	3,631,405	4,967,572
Facility Fees Income	3,226,103	4,856,258	1,389,689	781,853
Money Market Investment Income	9,103,950	1,080,721	3,571,322	173,995
	260,687,839	**369,848,814**	**89,306,938**	**59,545,315**

Interest Income is interest earned on Loans Acquired and restructured, with rates ranging between 5-10%. Facility fees are charged at 1% of restructured loan on commencement of facility. Income decreased during the period due to the suspension of interest on some loan accounts.

6.2 Interest and Fee expense comprises:

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Interest Expense	163,310,358	245,464,871	50,665,219	39,519,617
Interest on CBZ/Facility	-	54,901,727	-	8,839,127
Interest on PTA/Facility	7,809,693	17,534,735	2,302,041	2,823,076
Commission Paid	262,885	187,318	96,897	30,158
Bank Charges	888,389	113,765	402,544	18,315
	172,271,325	**318,202,416**	**53,466,701**	**51,230,293**

Interest expense consists mainly of interest on Treasury Bills issued for loan acquisitions, which carry a coupon of 5% p.a. payable semi-annually. The CBZ loan facility at 8% p.a. was paid off in the prior year using treasury bills. The PTA facility charges interest at 8.25% p.a. Additional loans were acquired in 2019 giving rise to more Treasury bills being issued, resulting in higher interest expense charges

6.3 Other income

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Rental Income	2,183,979	7,352,465	201,500	1,183,740
Mark to Market Gain	125,502,027	24,304,923	61,761,710	3,913,070
Sundry Income	3,792,589	18,963	3,584,580	3,053
	131,478,595	**31,676,354**	**65,547,790**	**5,099.863**

Other income refers to rental income from operating leases on ZAMCO properties acquired through debt asset swaps, mark to market gain on Star Africa shares, revaluation gain on investment property as well as income from non-lending activities.

6.4 Operating expenses

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
	34,624,367	**32,554,871**	**15,044.996**	**5,241,304**
Auditors Remuneration	1,598,668	441,661	1,302,120	71,107
Depriciation of PPE	876,452	983,298	325,958	158,310
Utility Bills and Telcommunication	265,293	194,355	124,027	31,291
Rent and Rates	167,715	110,025	101,087	17,714
Negotiated Settlements	24,636,050	18,312,348	10,025,132	2,948,271
Other Expenses	7,080,189	3,304,063	3,166,672	531,951
Employee Benefits	**13,273,429**	**8,585,515**	**5,841,000**	**1,382,260**
-Salaries and Allowances	10,939,446	7,075,904	4,894,045	1,139,214
-Pension and Medical Contributions	1,306,339	1,048,428	554,795	168,796
-Leave Pay provision	1,027,644	461,183	392,160	74,250
Directors Fees	1,145,672	623,606	458,603	100,400

7 IMPAIRMENT OF FINANCIAL ASSETS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance 1 January	2,177,040,475	2,449,416,868	350,501,492	394,353,838
Closing Balance 31 December	239,092,747	2,177,040,475	239,092,747	350,501,492
Monetary gain	(1,826,538,983)	-	-	-
Reversal for the year	**(111,408,745)**	**(272,376,393)**	**(111,408,745)**	**(43,852,346)**

In accordance with its mandate and the Banking Amendment Act 2015, ZAMCO purchases non-performing loans from banks. On acquisition, these non-performing loans are impaired in the books of selling Banks and they carry the same state when they move to ZAMCO.

The changes in impairment are mainly attributable to repayments from the agricultural portfolio, which had been greatly impaired from prior periods. A thorough examination of each acquired loan was conducted at year-end and it was concluded that there needs to be a reversal for impairment of the purchased NPLs amounting to $111,408,745. Interest income has since been suspended on accounts that have been assessed as impaired

8 CASH AND BANK BALANCES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Short term investments	91,577,471	176,624,541	91,577,471	28,436,387
Bank balances	51,224,360	19,094,626	51,224,360	3,074,217
Cash at hand	107	1,658	107	267
	142,801,938	**195,720,825**	**142,801,938**	**31,510,871**

Cash and Bank Balances comprise cash on hand, demand deposits with local banks and short term investments. Short term investments earn interest at rates between 5 – 10% p.a.

9 RECEIVABLES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Other receivables	2,705,582	7,765,312	2,662,128	1,250,208
Impairment	(8,095)	(8,565)	(8,095)	(1,379)
	2,697,487	**7,756,747**	**2,654,033**	**1,248,829**

Other receivables include staff loans, rent receivables and prepayments for operating expenses

10 LOANS, ADVANCES AND DEBT CONVERSION

10.1 LOANS AND ADVANCES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Loans and advances	840,811,913	5,860,630,966	840,811,913	943,556,135
Impairment	(201,317,517)	(1,978,020,872)	(201,317,517)	(318,459,521)
	639,494,396	**3,882,610,094**	**639,494,396**	**625,096,614**

During the year, there were significant acquisitions of NPLs that were restructured and currently form part of the ZAMCO income earning asset base. Loans and advances earn interest at rates between 5 – 10% p.a.

10.2 DEBT ASSET CONVERSION ASSETS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Debt-asset conversion assets	37,940,270	495,450,424	37,940,270	79,767,057
Impairment	(123,932)	(11,749,317)	(123,932)	(1,891,629)
	37,816,338	**483,701,107**	**37,816,338**	**77,875,428**

Debt asset conversion assets refer to loans that have been resolved through debt asset conversions. These assets are at various stages of conveyancing.

11 LOCAL SHARES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Local Shares held	**112,651,818**	**222,881,430**	**112,651,818**	**35,883,703**

Local shares are equity investments in Star Africa and CBZ managed equity portfolio which are carried at fair value through profit and loss.

12 PREFERENCE SHARES HELD

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Preference Shares	40,092,543	249,023,444	40,092,543	40,092,543
Impairment	(37,643,202)	(187,261,728)	(37,643,202)	(30,148,964)
	2,449,341	61,761,716	2,449,341	9,943,579

The preference shares are held in entities whose debts, owing to ZAMCO, were converted on restructuring.

13 FINANCIAL SECURITIES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Treasury Bills	**58,841,657**	**265,664,199**	**58,841,657**	**42,771,689**

Included in financial securities are $38m TBs received from the Government of Zimbabwe as security on the IDBZ facility. Also included are TBs received from various client as loan repayments.

14 CHANGE IN RECEIVABLES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Change in loans and advances	(97,019,593)	851,121,488	(97,019,593)	137,029,768
Change in debt asset conversion	(40,059,090)	(43,923,825)	(40,059,090)	(7,071,695)
Change in preference shares held	(7,494,238)	(106,730,337)	(7,494,238)	(17,183,485)
Change in financial securities	16,069,968	12,737,098	16,069,968	2,050,661
Change in receivables	1,457,288	5,009,948	1,413,833	806,597
Change in assets in transit	(275,019)	1,941,763	(275,019)	312,622
Local Shares	76,768,115	222,881,431	76,768,115	35,883,703
Increase in receivables	**(50,552,569)**	**943,037,566**	**(50,596,024)**	**151,828,171**
Less acquisitions during the year	(32,814,917)	(2,428,634,788)	(32,814,917)	(391,007,942)
Net decrease /(increase) in receivables	**(83,367,486)**	**(1,485,597,222)**	**(83,410,941)**	**(239,179,771)**

15 CHANGE IN PAYABLES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Change in Treasury bills in issue	47,233,522	2,392,557,979	47,233,522	385,199,609
Change in loans and borrowings	18,986,306	(1,486,560,918)	18,986,306	(239,334,921)
Change in deferred income	(1,380,326)	(4,876,750)	(1,380,326)	(785,152)
Change in sundry payables	12,665,110	25,908,057	12,665,110	4,171,173
Increase in payables	**77,504,612**	927,028,368	**77,504,612**	**149,250,705**
Less TBs and Loans utilised for acquisitions	(32,814,917)	(2,428,634,788)	(32,814,917)	(391,007,942)
Net increase in payables	**44,689,695**	**1,501,606,420**	**44,689,695**	**241,757,237**

16. INVENTORIES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Land developments	**16,050,593**	**4,214,851**	**8,589,034**	**678,587**

Inventories are valued at the lower of cost and net realisable and relate to a land development project. The project is located in Goodhope area and it measures 5.2 hectares and a total of 26 fully developed stands measuring an average of 2000 sqm are available. In accordance with IAS 2, the value incorporates the initial cost of acquiring the land.

17 ASSETS UNDER DEVELOPMENT

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Assets under development	37,603	1,941,760	37,603	312,622

18. INVESTMENT PROPERTY

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance	234,050,482	-	37,681,910	
Additions during the period	87,689,365	99,085,149	87,689,365	15,952,617
Fair value adjustments	158,758,761	134,965,333	355,127,333	21,729,293
	480,498,608	**234,050,482**	**480,498,608**	**37,681,910**

The carrying amount of investment properties is the fair value of the properties as determined by registered independent valuers who possess appropriate recognised professional qualifications and recent experience in the category and location being valued. The valuation was carried out in accordance with International Valuation Standards and the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. Fair values were determined with regard to recent market transactions for similar properties in the same location as the Group's investment properties and also potential rental yields applicable to similar property. The properties were valued as at 31 December 2019.

ZAMCO characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- **Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FAIR VALUE MEASUREMENT

The table below presents components of the Statement of Financial Position that are recognised at fair value:

INFLATION ADJUSTED

	Level 1		Level 2		Level 3		Total Carrying Amount	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
Equity Investments	112,651,818	222,881,430	----	---	-	-	112,651,818	222,881,430
Investment property	-	-	480,498,608	234,050,482	-	-	480,498,608	234,050,482
Total Assets at fair value	**112,651,818**	**222,881,430**	**480,498,608**	**234,050,482**	**-**	**-**	**593,150,426**	**456,931,912**

Level 2 valuation techniques are highlighted on note 18 for investment property.

INFLATION ADJUSTED

	Level 1		Level 2		Level 3		Total Carrying Amount	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
Equity Investments	112,651,818	222,881,430	-	-	-	-	112,651,818	222,881,430
Investment property	-	-	480,498,608	234,050,482	-	-	480,498,608	234,050,482
Total Assets at fair value	**112,651,818**	**222,881,430**	**480,498,608**	**234,050,482**	**-**	**-**	**593,150,426**	**456,931,912**

ZAMCO did not hold any level 3 instruments as at reporting date. If the fair value adjustment had been 5% up or down, the company's reported profit would be ZWL$1,676,457 and statement of financial position would be higher or lower than the reported position by the same margin.

20. PROPERTY AND EQUIPMENT

20.1 INFLATION ADJUSTED

	Computer Hardware	Computer Software	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
COST:						
At 01 January 2018	314,469	32,888	263,144	275,107	3,149,149	4,034,757
Additions	398,751	348,225	214,035	232,314	-	1,193,325
Disposals	-	-	-	-	-	-
At 31 December 2018	**713,220**	**381,113**	**477,179**	**502,677**	**3,149,149**	**5,228,082**
Additions	778,389	2,276,604	278,221	388,200	1,492,255	5,213,669
Disposals	(103,120)	-	-	-	-	(103,120)
At 31 December 2019	**1,388,489**	**2,657,717**	**755,400**	**895,621**	**4,641,404**	**10,338,631**
DEPRECIATION:						
At 01 January 2018	(158,657)	(21,447)	(45,960)	(166,718)	(399,052)	(791,834)
Depreciation charge for the year	(131,347)	(66,261)	(42,423)	(113,438)	(629,830)	(983,299)
Disposal	-	-	-	-	-	-
At 31 December 2018	**(290,004)**	**(87,708)**	**(88,383)**	**(280,156)**	**(1,028,882)**	**(1,775,133)**
Depreciation charge for the year	(147,784)	(193,803)	(33,694)	(71,254)	(429,917)	(876,452)
Disposal	8,434					8,434
At 31 December 2019	**(429,354)**	**(281,511)**	**(122,077)**	**(351,410)**	**(1,458,799)**	**(2,643,151)**
Net Book Value:						
At 01 January 2018	**155,812**	**11,441**	**217,184**	**108,389**	**2,750,097**	**3,242,923**
At 31 December 2018	**423,216**	**293,405**	**388,796**	**227,265**	**2,120,267**	**3,452,949**
At 31 December 2019	**959,135**	**2,376,206**	**633,323**	**544,211**	**3,182,605**	**7,695,480**

20 PROPERTY AND EQUIPMENT

20.2 HISTORICAL

	Computer Hardware	Computer Software	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
COST:						
At 01 January 2018	50,629	5,295	42,366	44,292	507,010	649,592
Additions	64,199	56,064	34,461	37,401	-	192,125
Disposals	-	-	-	-	-	-
At 31 December 2018	114,828	61,359	76,827	81,693	507,010	841,717
Additions	295,502	454,590	100,295	206,095	566,508	1,622,990
Disposals	(48,013)	-	-	-	-	(48,013)
At 31 December 2019	362,317	515,949	177,122	287,788	1,073,518	2,416,694
DEPRECIATION:						
At 01 January 2018	(25,544)	(3,453)	(7,400)	(26,841)	(64,247)	(127,485)
Depreciation charge for the year	(21,147)	(10,668)	(6,830)	(18,263)	(101,402)	(158,310)
Disposal	-	-	-	-	-	-
At 31 December 2018	(46,691)	(14,121)	(14,230)	(45,104)	(165,649)	(285,795)
Depreciation charge for the year	(55,623)	(71,358)	(12,218)	(28,848)	(157,911)	(325,958)
Disposal	4,165					4,165
At 31 December 2018	(98,149)	(85,479)	(26,448)	(73,952)	(323,560)	(607,588)
Net Book Value:						
At 01 January 2018	**25,085**	**1,842**	**34,966**	**17,451**	**442,763**	**522,107**
At 31 December 2018	**68,137**	**47,238**	**62,597**	**36,589**	**341,361**	**555,922**
At 31 December 2019	**264,168**	**430,470**	**150,674**	**213,836**	**749,958**	**1,809,106**

21. SHARE CAPITAL

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Authorised share capital 200 000 ordinary shares at $0.01	12,422	12,422	2,000	2,000

Issued Share Capital	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
100,000 Ordinary Shares @ $0.01	6,211	6,211	1,000	1,000
Share premium	219,172,203	219,172,203	35,286,521	35,286,521
	219,178,414	**219,178,414**	**35,287,521**	**35,287,521**

ZAMCO's issued share capital is held by the Reserve Bank of Zimbabwe. In accordance with the provisions of the Companies Act [Chapter 24:01], the unissued ordinary shares of the corporation are under the control of the Board of Directors. Additional capital of ZWL$35 million was injected by the shareholder.

22. RETAINED EARNINGS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance	(1,836,296,311)	(2,294,405,914)	(295,641,997)	(369,397,217)
(Loss)/ Profit for the year	1,916,734,314	458,109,603	546,579,506	73,755,220
Balance at year end	**86,438,003**	**(1,836,296,311)**	**250,937,509**	**(295,661,997)**

23.1 LOANS AND BORROWINGS

INFLATION ADJUSTED

NAME	RATE	TENURE	SECURITY	2019 ZWL$	2018 ZWL$
PTA Bank	8.25	8 Years	-	23,595,045	187,409,915
IDBZ Foreign Loans#	0%	-	-	38,283,003	237,784,001
Other Loans and Dues*	0-5%	-	-	92,853,055	417,892,380
TOTAL				**154,731,103**	**843,086,296**

HISTORICAL

NAME	RATE	TENURE	SECURITY	2019 ZWL$	2018 ZWL$
PTA Bank	8.25	8 Years	-	23,595,045	30,172,822
IDBZ Foreign Loans#	0%	-	-	38,283,003	38,283,003
Other Loans and Dues*	0-5%	-	-	92,853,055	67,280,283
TOTAL				**154,731,103**	**135,736,108**

* The loan from PTA relates to loans accessed by local financial institutions from PTA under sovereign guarantees. The financial institutions failed to service them resulting in the sovereign guarantees being called on. The government assumed the loans through RBZ, which in turn ceded them to ZAMCO. RBZ has been paying PTA the amounts due as agreed. The obligation on ZAMCO's books is to RBZ and payable in Zimbabwean Dollars.

\# The IDBZ foreign loans do not have a defined term as they are dependent on the ability of IDBZto raise funding to extinguish the debts.

23.2 OTHER LOANS AND DUES

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
PTA Repayments	41,021,272	279,634,184	41,021,272	45,020,842
TB Coupon & Capital payments	614,197	5,104,079	614,197	821,752
Government Redeemed Tbs	32,031,490	14,740,688	32,031,490	2,373,237
Interest due and payable	14,237,422	89,111,906	14,237,422	14,346,934
Business resuscitation fund	4,948,674	29,301,523	4,948,674	4,717,518
	92,853,055	**417,892,380**	**92,853,055**	**67,280,283**

Other loans and dues include Reserve Bank of Zimbabwe intercompany loans arising from PTA repayments and TB coupons paid by the Reserve Bank, interest accrued on the Treasury bills in issue. No tenures have been agreed upon with respect to the intercompany loans. The Treasury bill interest is accrued up to six (6) months. The increase relates mainly to PTA facility repayments done by the RBZ on ZAMCO's behalf.

24 TREASURY BILLS IN ISSUE

	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Treasury Bills	**1,025,866,888**	**6,078,503,221**	**1,025,866,888**	**978,633,366**

These are ZWL Dollar denominated Government of Zimbabwe Treasury Bills issued on behalf of ZAMCO for the acquisition of non-performing loans and payments made by the RBZ to foreign creditors for and on behalf of ZAMCO with respect to interest due. The Treasury Bills attract a coupon of 5%p.a payable semi-annually. The increase in treasury bills resulted from more acquisitions of NPLs being concluded.

25 DEFERRED INCOME

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Deferred Income	3,309,751	29,131,081	3,309,751	4,690,077

Refers to facility fees charged by ZAMCO on restructuring a loan. The deferred income is amortised over the lifespan of the facility.

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Other Payables	17,511,100	30,153,460	17,511,100	4,854,679

Intercompany balance relates to transactions done by the Reserve Bank of Zimbabwe on behalf of ZAMCO and was paid off during the year. Other payables include legal fees accrued, Audit fees provision and provisions for leave pay.

26.1 LEAVE PAY PROVISION

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance 1 January	381,083	387,468	61,354	62,382
Gross provisions for the year	1,027,644	461,183	392,160	74,250
Paid out during the year	(349,407)	(467,568)	(178,530)	(75,278)
Effects of inflation adjustment	(784,336)	-	-	-
Closing Balance 31 December	**274,984**	**381,083**	**274,984**	**61,354**

26.2 AUDIT FEES PROVISION

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance 1 January	161,511	236,250	26,003	38,036
Gross provisions for the year	1,598,668	441,661	1,302,120	71,107
Paid out during the year	(580,078)	(516,400)	(163,658)	(83,140)
Effects of inflation adjustment	(15,636)	-	-	-
Closing Balance 31 December	**1,164,465**	**161,511**	**1,164,465**	**26,003**

27 CONTINGENT LIABILITIES, COMMITMENTS AND OTHER CONTINGENCIES

There were no contingent liabilities at year End

28 CAPITAL COMMITMENTS

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Opening balance 1 January	246,399	1,267,709	39,670	204,100
New commitments-authorised and contracted:	2,474,345	-	2,474,345	-
Paid out during the year	(198,747)	(1,021,310)	(39,670)	(164,430)
Effects of inflation	47,652	-	-	-
Closing Balance 31 December	**2,474,345**	**246,399**	**2,474,345**	**39,670**

There were capital commitments of USD147, 516 for management vehicles.

29 RETIREMENT BENEFIT SCHEMES

29.1 National Social Security Authority (NSSA) scheme

The Employees are members of a state-managed retirement benefit plan, NSSA, and the contributions to the scheme are made in terms of the National Social Security Authority Act (Chapter 17:04). During the year ZAMCO contributed ZWL$37,385 (2018: ZWL$16,897) towards this plan and the cost is included in the staff costs.

29.2 Fintrust Pension Fund

ZAMCO staff joined the RBZ initiated Fintrust Pension Fund, which is managed by Comarton Consultants with effect from 1 January 2017. The fund is a defined contribution plan, towards which the employee contributes 6% of basic earnings, whilst the employer contributes 15%. During the year ZAMCO contributed ZWL$286,209 towards the fund.

29.3 Recognition of contributions

ZAMCO's obligation with respect to the retirement benefit plan is to make the specific contributions. The contributions to the pension funds are recognized as an expense when they fall due.

29.4 Contributions recognized as an expense during the year

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
National Social Security Authority Scheme	98,250	104,951	37,385	16,897
Fintrust Pension Fund	684,352	574,457	286,209	92,487
	782,602	**679,408**	**323,594**	**109,384**

30 FINANCIAL ASSETS AND RISK MANAGEMENT

ZAMCO has various policies and procedures to manage its risk. Below is a table on classification of ZAMCO's financial assets on certain aspects of its risk management specific to its financial instruments.

30.1 Classification of Financial Assets and Liabilities (2019)

	Inflation Adjusted			Historical		
	2019			2019		
	Amortised Cost	Fair Value through profit and loss	Total	Amortised Cost	Fair Value through profit and loss	Total
		ZWL	ZWL	ZWL	ZWL	ZWL
Financial Assets						
Loans and advances	639,494,396	-	639,494,396	639,494,396	-	639,494,396
Debt asset conversion assets	37,816,338	-	37,816,338	37,816,338	-	37,816,338
Preference shares held	2,449,341	-	2,449,341	2,449,341	-	2,449,341
Local Shares	-	112,651,818	112,651,818	-	112,651,818	112,651,818
Receivables	2,697,487	-	2,697,487	2,654,033	-	2,654,033
Financial securities	-	58,841,657	58,841,657	-	58,841,657	58,841,657
Cash and bank balances	-	142,801,938	142,801,938	-	142,801,938	142,801,938
Total	**682,420,823**	**314,295,413**	**996,716,236**	**682,420,823**	**314,295,413**	**996,716,236**
Financial Liabilities						
Treasury bills in issue	1,025,866,888	-	1,025,866,888	1,025,866,888	-	1,025,866,888
Long term loans & borrowings	61,878,048	-	61,878,048	61,878,048	-	61,878,048
Other loans and dues*	92,853,055	-	92,853,055	92,853,055	-	92,853,055
Payables	17,511,100	-	17,511,100	17,511,100	-	17,511,100
Total	**1,198,109,091**	**-**	**1,198,109,091**	**1,198,109,091**	**-**	**1,198,109,091**

* Other loans and dues include intercompany loans and interest accrued on treasury bills in issue

30.2 Classification of Financial Assets and Liabilities (2018)

	Inflation Adjusted			Historical		
	2018			2018		
	Amortised Cost	Fair Value through profit and loss	Total	Amortised Cost	Fair Value through profit and loss	Total
		ZWL	ZWL	ZWL	ZWL	ZWL
Financial Assets						
Loans and advances	3,882,610,094	-	3,882,610,094	625,096,614	-	625,096,614
Debt asset conversion assets	483,701,107	-	483,701,107	77,875,428	-	77,875,428
Preference shares held	61,761,716	-	61,761,716	9,943,579	-	9,943,579
Local Shares	-	222,881,430	222,881,430	-	35,883,703	35,883,703
Receivables	7,756,747	-	7,756,747	1,248,829	-	1,248,829
Financial securities	-	256,664,200	256,664,200	-	42,771,689	42,771,689
Cash and bank balances	-	195,720,825	195,720,825	-	31,510,871	31,510,871
Total	**4,435,829,664**	**675,266,455**	**5,111,096,119**	**714,164,450**	**110,166,263**	**824,330,713**
Financial Liabilities						
Treasury bills in issue	6,078,503,221	-	6,078,503,221	978,633,366	-	978,633,366
Long term loans & borrowings	425,193,916	-	425,193,916	68,455,825	-	68,455,825
Other loans and dues*	417,892,380	-	417,892,380	67,280,283	-	67,280,283
Payables	30,153,460	-	30,153,460	4,854,679	-	4,854,679
Total	**6,951,742,977**	**-**	**6,951,742,977**	**1,119,224,153**	**-**	**1,119,224,153**

* Other loans and dues include intercompany loans and interest accrued on treasury bills in issue

30.2 Market price risk

Market price risk is the risk of loss resulting from changes in market conditions and prices. Market price risk includes interest rate risk, currency risk and equity price risk. In its operations, ZAMCO is obliged to accept certain market-related risks which would not be fully compatible with pure commercial practice. ZAMCO nevertheless manages its market risks responsibly, utilising modern technology and appropriate organisational structures and procedures. Exposures and limits are measured continuously and strategies are routinely reviewed by management

30.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is managed at both the board and management level through regular policy and benchmarks which relates to interest rate risk management. The majority of ZAMCO's loans and advances facilities are at concessionary rates.

ZAMCO's senior management oversees the management of these risks and they are supported by a committee that advises on such risks and the appropriate risk governance framework for ZAMCO. The committee provides assurance that ZAMCO's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with ZAMCO's policies and risk objectives.

Listed below are ZAMCO's interest earning assets and interest bearing liabilities:

	Inflation Adjusted		Historical	
	2019	2018	2018	2018
	ZWL	ZWL	ZWL	ZWL
Loans & Advances	639,494,396	3,882,610,094	639,494,396	625,096,613
Preference Shares	2,449,341	61,761,716	2,449,341	9,943,579
Financial Securities	58,841,657	265,664,200	58,841,657	42,771,689
Total	**700,785,394**	**4,210,036,010**	**700,785,394**	**677,811,881**
Loans And Borrowings	61,878,048	425,193,916	61,878,048	68,455,825
Treasury Bills	1,025,866,888	6,078,503,221	1,025,866,888	978,633,366
Other Loans and Dues	92,853,055	417,892,380	92,853,055	67,280,283
Total	**1,180,597,991**	**6,921,589,517**	**1,180,597,991**	**1,114,369,474**

30.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. ZAMCO's assets and liabilities are held in ZWL$ (ZAMCO's functional currency) hence the corporation was not exposed to currency risk at year end.

30.5 Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. Credit risk arises from such activities of ZAMCO as advances to clients and deposits made with other institutions and the settlement of financial market transactions.

Credit mitigation is employed by ZAMCO through taking collateral mostly in the form of immovable property and other guarantees. ZAMCO is exposed to credit risk from its operating activities, financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is managed by ZAMCO's Investment and Asset Management department in accordance with ZAMCO's policy.

30.5.1 Concentration of credit risk

ZAMCO deals with a variety of clients and its loans and advances are structured and spread among them. In addition, ZAMCO has procedures and policies in place to limit the amount of credit exposure to any counterparty. ZAMCO reviews, on a regular basis, the performance of counterparties and takes action accordingly to ensure that exposure limits are not exceeded. ZAMCO was not exposed to any concentration risk as at year end.

30.5.2 Credit risk measurement

ZAMCO assesses the probability of default of financial institutions or counterparty using internal rating scale tailored to the various categories of counterparties. The rating scale has been developed internally and combines data analysis with credit officer judgment and is validated, where appropriate, by comparison with externally available information. Clients of ZAMCO are segmented into seven rating classes. ZAMCO's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating scale is kept under review and upgraded as necessary. ZAMCO regularly validates the performance of the rating and their predictive power with regard to default events.

Internal Ratings Scale

Rating Grade	Description of the rating
1	Pass
2	Special Mention
3	Sub-Standard
4	Doubtful and bad
5	Loss

30.5 Credit risk continued

	Inflation Adjusted				Historical			
	Neither Past due/nor impaired	Past due not Impaired	Past due and Impaired	Total	Neither Past due/ nor impaired	Past due not Impaired	Past due and Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Credit Risk Analysis (2019)								
Cash and bank balances	142,801,938	-	-	142,801,938	142,801,938	-		142,801,938
Loans and advances	628,270,955	11,223,441	-	639,494,396	628,270,955	11,223,441		639,494,396
Debt asset conversion assets	37,816,338	-	-	37,816,338	37,816,338	-		37,816,338
Preference shares held	2,449,341	-	-	2,449,341	2,449,341	-		2,449,341
Receivables	2,697,487	-	-	2,697,487	2,654,033	-		2,654,033
Total	**814,036,059**	**11,223,441**	**-**	**825,259,500**	**813,992,605**	**11,223,441**		**825,216,046**
Credit Risk Analysis (2018)								
Cash and bank balances	195,720,825	-	-	195,720,825	31,510,871	-		31,510,871
Loans and advances	3,738,462,280	144,147,814	-	3,882,610,094	601,888,950	23,207,664		625,096,614
Debt asset conversion assets	483,701,107	-	-	483,701,107	77,875,428	-		77,875,428
Preference shares held	61,761,716	-	-	61,761,716	9,943,579	-		9,943,579
Receivables	7,756,747	-	-	7,756,747	1,248,829	-		1,248,829
Total	**4,487,402,675**	**144,147,814**	**-**	**4,631,550,489**	**722,467,657**	**23,207,664**		**745,675,321**

30.6 Credit risk exposure

The table below shows the maximum exposure to credit for the components of the statement of financial position.

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Cash and bank balances	142,801,938	195,720,825	142,801,938	31,510,871
Receivables	2,697,487	7,756,747	2,654,033	1,248,829
Loans and advances	639,494,396	3,882,610,094	639,494,396	625,096,614
Debt Asset Conversion	37,816,338	483,701,107	37,816,338	77,875,428
Preference shares held	2,449,341	61,761,716	2,449,341	9,943,579
	825,259,500	**4,631,550,489**	**825,216,046**	**745,675,321**

ZAMCO held collateral worth ZWL$645million (2018 – ZWL$703 million) on advances to clients. The collateral held by ZAMCO is in the form of real estate.

30.7 Liquidity risk

Liquidity risk is the risk that an entity may not be able to accommodate decreases in liabilities or to fund increases in assets in full at the time that a commitment or transaction is due for settlement. Due to the multi-currency regime ZAMCO faces liquidity risk on domestic and foreign assets as it does not have capacity to create local currency when required. ZAMCO faces liquidity risk in respect of foreign assets and liabilities and its risk is further compounded by the fact that ZAMCO is undercapitalized. Due to these challenges, it has been difficult for ZAMCO to settle its liabilities as they fall due. However, the Government, through the Ministry of Finance, has pledged continued support to ZAMCO. The Government has started the process of taking over ZAMCO's liabilities.

The table below analyses ZAMCO's financial assets and financial liabilities into relevant maturity groups and the amounts disclosed in the table are the contractual undiscounted cash flows.

30.7.1 Maturity Analysis (2019)

	INFLATION ADJUSTED					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	14,725,254	7,796,533	93,926,313	38,283,003	154,731,103
Treasury bills in issue	-	360,366	5,168,342	54,862,615	965,475,565	1,025,866,888
Payables	17,511,100	-	-	-	-	17,511,100
Total Non-derivative liabilities	**17,511,100**	**15,085,620**	**12,964,875**	**148,788,928**	**1,003,758,568**	**1,198,109,091**
Assets held for managing liquidity risk						
Cash and bank balances	142,801,938	-	-	-	-	142,801,938
Financial Securities	20,558,654	-	-	-	38,283,003	58,841,657
Loans and receivables	11,223,441	37,171,353	169,625,745	344,554,981	76,918,876	639,494,396
Debt asset conversion assets	-	-	-	37,816,338	-	37,816,338
Preference shares held	-	-	-	2,449,341	-	2,449,341
Local Shares	-	-	112,651,818	-	-	112,651,818
Total assets held for managing liquidity risk	**174,584,033**	**37,171,353**	**282,277,563**	**384,820,660**	**115,201,879**	**994,055,488**
Net exposure	**157,072,933**	**22,085,733**	**269,312,688**	**236,031,732**	**(888,556,689)**	**(204,053,603)**

30.7.1 Maturity Analysis (2019)

	HISTORICAL					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	14,725,254	7,796,533	93,926,313	38,283,003	154,731,103
Treasury bills in issue	-	360,366	5,168,342	54,862,615	965,475,565	1,025,866,888
Payables	17,511,100	-	-	-	-	17,511,100
Total Non-derivative liabilities	**17,511,100**	**15,085,620**	**12,964,875**	**148,788,928**	**1,003,758,568**	**1,198,109,091**
Assets held for managing liquidity risk						
Cash and bank balances	142,801,938	-	-	-	-	142,801,938
Financial Securities	20,558,654	-	-	-	38,283,003	58,841,657
Loans and receivables	11,223,441	37,171,353	169,625,745	344,554,981	76,918,876	639,494,396
Debt asset conversion assets	-	-	-	37,816,338	-	37,816,338
Preference shares held	-	-	-	2,449,341	-	2,449,341
Local Shares	-	-	112,651,818	-	-	112,651,818
Total assets held for managing liquidity risk	**174,584,033**	**37,171,353**	**282,277,563**	**384,820,660**	**115,201,879**	**994,055,488**
Net exposure	**157,072,933**	**22,085,733**	**269,312,688**	**236,031,732**	**(888,556,689)**	**(204,053,603)**

30.7.1 Maturity Analysis (2018)

	INFLATION ADJUSTED					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	80,926,995	62,969,712	461,405,588	237,784,001	843,086,296
Treasury bills in issue	-	-	21,804,915	288,596,747	5,768,101,559	6,078,503,221
Payables	30,153,460	-	-	-	-	30,153,460
Total Non-derivative liabilities	30,153,460	80,926,995	84,774,626	750,002,335	6,005,885,559	6,951,742,977
Assets held for managing liquidity risk						
Cash and bank balances	195,720,825	-	-	-	-	195,720,825
Financial Securities	27,880,198	-	-	-	237,784,002	265,664,200
Loans and receivables	144,147,814	78,765,157	417,538,784	1,581,502,915	1,660,655,424	3,882,610,094
Debt asset conversion assets	-	-	-	483,701,107	-	483,701,107
Preference shares held	-	-	-	61,761,716	-	61,761,716
Local Shares	-	222,881,430	-	-	-	222,881,430
Total assets held for managing liquidity risk	**367,748,837**	**301,646,587**	**417,538,784**	**2,126,965,738**	**1,898,439,426**	**5,112,339,372**
Net exposure	**337,595,377**	**220,719,592**	**332,764,157**	**1,376,963,403**	**(4,107,446,134)**	**(1,839,403,605)**

30.7.1 Maturity Analysis (2018)

	HISTORICAL					
	On Demand	Due Between 0-3 Months	Due Between 3-12 Months	Due Between 1-5 Years	Due After 5 Years	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Non-derivative liabilities						
Loans and borrowings	-	13,029,171	10,138,065	74,285,869	38,283,003	135,736,108
Treasury bills in issue	-	-	3,510,571	46,463,808	928,658,987	978,633,366
Payables	4,854,679	-	-	-	-	4,854,679
Total Non-derivative liabilities	**4,854,679**	**13,029,171**	**13,648,636**	**120,749,677**	**966,941,990**	**1,119,224,153**
Assets held for managing liquidity risk						
Cash and bank balances	31,510,871	-	-	-	-	31,510,871
Financial Securities	4,488,686	-	-	-	38,283,003	42,771,689
Loans and receivables	23,207,664	12,681,117	67,223,356	254,620,498	267,363,979	625,096,614
Debt asset conversion assets	-	-	-	77,875,428	-	77,875,428
Preference shares held	-	-	-	9,943,579	-	9,943,579
Local Shares	-	35,883,703	-	-	-	35,883,703
Total assets held for managing liquidity risk	**59,207,221**	**48,564,820**	**67,223,356**	**342,439,505**	**305,646,982**	**823,081,884**
Net exposure	**54,352,542**	**35,535,649**	**53,574,720**	**221,689,828**	**(661,295,008)**	**(296,142,269)**

30.7.4 Secured and unsecured Loans and Advances (2019)

	Inflation Adjusted			HISTORICAL		
	Security Value	Unsecured Value	Total	Security Value	Unsecured Value	Total
		ZWL	ZWL	ZWL	ZWL	ZWL
Financial Assets						
Loans and advances	639,494,396	-	639,494,396	639,494,396	-	639,494,396
Debt asset conversion assets	37,816,338	-	37,816,338	37,816,338	-	37,816,338
Receivables	-	2,697,487	2,697,487	-	2,654,033	2,654,033
Financial securities	58,841,657	-	58,841,657	58,841,657	-	58,841,657
Total	**736,152,391**	**2,697,487**	**738,849,878**	**736,152,391**	**2,654,033**	**738,806,424**
Secured and Unsecured Financial Liabilities						
Treasury bills in issue	-	1,025,866,888	1,025,866,888	-	1,025,866,888	1,025,866,888
Long term loans & borrowings	-	61,878,048	61,878,048	-	61,878,048	61,878,048
Other loans and dues*	-	92,853,055	92,853,055	-	92,853,055	92,853,055
Payables	-	17,511,100	17,511,100	-	17,511,100	17,511,100
Total	**-**	**1,198,109,091**	**1,198,109,091**	**-**	**1,198,109,091**	**1,198,109,091**

The security held on the financial assets is in the form of Government guarantees and real estate.

30.7.5 Secured and unsecured Loans and Advances (2018)

	Inflation Adjusted			Historical		
	Security Value	**Unsecured Value**	**Total**	**Security Value**	**Unsecured Value**	**Total**
		ZWL	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Financial Assets						
Loans and advances	3,882,610,094	-	3,882,610,094	625,096,614	-	625,096,614
Debt asset conversion assets	483,701,107	-	483,701,107	77,875,428	-	77,875,428
Receivables	-	7,756,747	7,756,747	-	1,248,829	1,248,829
Financial securities	265,664,200	-	265,664,200	42,771,689	-	42,771,689
Total	**4,631,975,401**	**7,756,747**	**4,639,732,148**	**745,743,731**	**1,248,829**	**746,992,560**
Secured and Unsecured Financial Liabilities						
Treasury bills in issue	-	6,078,503,221	6,078,503,221	-	978,633,366	978,633,366
Long term loans & borrowings	-	425,193,916	425,193,916	-	68,455,825	68,455,825
Other loans and dues*	-	417,892,380	417,892,380	-	67,280,283	67,280,283
Payables	-	30,153,460	30,153,460	-	4,854,679	4,854,679
Total	**-**	**6,951,742,977**	**6,951,742,977**	**-**	**1,119,224,153**	**1,119,224,153**

The security held on the financial assets is in the form of Government guarantees and real estate.

31. CAPITAL MANAGEMENT

ZAMCO's objectives when managing capital which is a broader concept than the equity on the face of financial position, are:

- To safeguard ZAMCO's ability to continue as a going concern so that it can continue to
- To maintain a strong capital position necessary for its term financial health, and to support the development of its business.

ZAMCO is not subject to capital requirements by a regulatory body.

The table below summarises the composition of ZAMCO's capital for the year ended 31 December 2019.

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Share capital	6,211	6,211	1,000	1,000
Share premium	219,172,203	219,172,203	35,286,521	35,286,521
Retained Earnings	80,438,003	(1,836,296,311)	250,937,509	(295,641,997)
	299,616,417	**(1,617,117,897)**	**286,225,030**	**(260,354,476)**

The allocation of capital between specific business operations is largely driven by optimisation of the return achieved on the capital allocated. The Board of Directors sets the assets and liability management policies which determine the eventual asset allocation dependent on the strategic objectives of ZAMCO.

ZAMCO uses return on capital employed, synergies with other operations and activities, fit with the longer term strategic objectives of ZAMCO and availability of management and other resources in allocating its capital expenditure activities.

ZAMCO's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

32. RELATED PARTY INFORMATION

ZAMCO is wholly owned by the Reserve Bank of Zimbabwe. ZAMCO had a controlling interest Starafricacorporation Limited as at 31 December 2019. The results of the subsidiary are presented in the group financial report for the year 2019. There were no intercompany transactions between ZAMCO and Starafricacorporation during the period.

32.1 Compensation of key management personnel of ZAMCO.

As required by IAS 24 Related Party Disclosures, key management remuneration and non-Executive Directors' fees are broken down as:

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Directors fees and short-term employee benefits*	2,442,783	1,225,690	1,029,399	197,335

*The short term benefits comprise of directors' emoluments and key management personnel allowances.

32.2 Balances with related parties

	Inflation Adjusted		Historical	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Reserve Bank of Zimbabwe (Parent)	68,289,457	212,745,192	68,289,457	34,251,778
Government of Zimbabwe (Owner of Parent)	32,031,490	14,740,688	32,031,490	2,373,237
	100,320,497	**227,485,880**	**100,320,497**	**36,625,015**

The movement during the year arose from payments made on behalf of ZAMCO by the Reserve Bank of Zimbabwe.

33. COMPARATIVE FIGURES

Comparative figures used in this report represent figures from 2018 audited financial statements, adjusted for inflation according to the procedure in note 2 to the financial statements.

34. EVENTS AFTER REPORTING PERIOD COVID-19

The World Health Organisation declared the covid-19 disease a pandemic and the Governemnet of Zimbabwe responded by implementing a lockdown starting on 30 March 2020, to curb the spread of the disease. There has been a significant change in the way the entity conducts its business in light of the pandemic, mainly in relation to human interaction. The entity continues to offer services to its clients, albeit with the minor alterations stated below.

Staff has been encouraged and resourced to work from home. Engagements with clients have also been limited to virtual, unless critically important and unavoidable. The extent, impact and duration of the pandemic remain uncertain and dependent on future developments, which cannot be predicted at this time.

Management continues to monitor developments in relation to the pandemic with a view to safeguarding the health of staff and clients. Protective equipment, fumigation of premises and working-from-home expenditures are some of the emergent costs that the entity faces as it continues offering services during this pandemic.

The impact of the pandemic on the financial position of the company has been minimal to insignificant. Clients have paid off significant amounts of debt held during the lockdown period, partly due to high inflation. However, envisaged and contracted land developments projects have stalled because of the inability of contractors to get a full range of services from labour and suppliers due to lockdown restrictions. There will be need to revise completion timelines for these projects.

DEBT ASSET SWAP REVERSAL

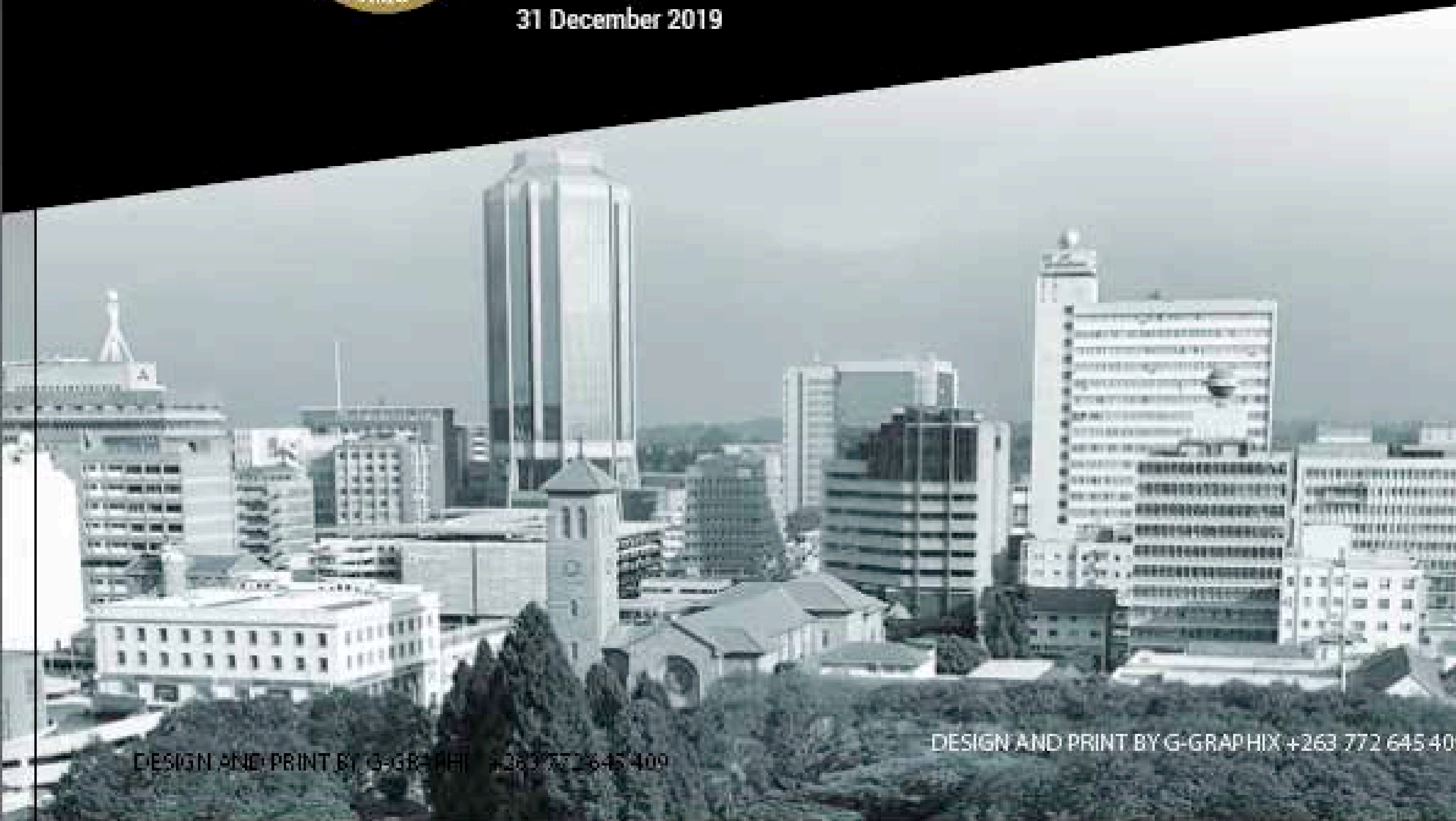
An account that was converted into a debt asset swap in November 2019, and reported under investment property, was reversed in 2020. The circumstances surrounding the reversal were such that it was not possible for ZAMCO to enforce transfer of the said property. The reversal prejudices the entity an amount of $1.6 million in previously recognized fair value adjustments.

35. GOING CONCERN

ZAMCO is a wholly owned subsidiary of the RBZ, created through the provisions of the RBZ Act, Section 57A. The Act gives ZAMCO a specific mandate and timeline for its operation. It further guides that at the end of its mandate, ZAMCO's assets and liabilities be transferred to the RBZ. ZAMCO uses Government Treasury Bonds to purchase NPLs. ZAMCO's operational funding is generated from interest on loans and advances, facility fee charges as well as disposal of investment properties held.
The Government of Zimbabwe directed that ZAMCO stop the purchase of any further NPLs. The RBZ is also committed to meeting ZAMCO's obligations in periods when ZAMCO has no capacity to meet these. From an assessment of assets held, ZAMCO has capacity to meet all its obligations when they fall due in the foreseeable future.

Accordingly, based on ZAMCO's financial performance, maturity profile for its financial assets and liabilities, cashflow management, support from the Government and RBZ, ZAMCO's management concludes that the entity will continue to realise its assets and liabilities in the ordinary course of business. These financial statements are therefore prepared on a going concern basis.

ZIMBABWE
ASSET MANAGEMENT CORPORATION
ANNUAL REPORT
31 December 2019



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