Nolands

NOT YOUR ORDINARY AUDITORS

THE INVESTOR PROTECTION FUND

FINANCIAL STATEMENTS

31 DECEMBER 2020

General Information

Established	2013
Country of domicile	Zimbabwe
Nature of business	The Investor Protection Fund (the Fund or IPF) was established in Zimbabwe by the Securities Act [Chapter 24:25] (Act), with the objective of compensating protected investors from losses suffered as a result of malpractice on the part of a contributor or in the event of a contributor becoming insolvent.
Board of Directors	Mrs. Justice V. Ziyambi (Retired) [Chairman] Mr. J. Bgoni [Board Member] Mr. T. Chinamo [Board Member] Mr. M. Kaliati [Board Member] Mr. N.P.S Zhou [Board Member] Mr. N. Zvareva [Board Member]
Registered office	Investor Protection fund c/o Comarton Consultants (Private) Limited 118 McCherly avenue Eastlea Harare
Fund administrator	Comarton Consultants (Private) Limited 118 McCherly avenue Harare
Custodian	Stanbic Custodial Services 59 Samora Machel Avenue Harare
Auditor	Nolands Harare Chartered Accountants No. 7 Glenara Ave South Corner S Machel Ave Harare
Banker	Stanbic Bank Zimbabwe Limited 59 Samora Machel Avenue Harare
Asset Managers	Invesci Asset Management 41 Harare Drive Chisipite Harare ABC Asset Management 1 Endeavour Crescent Mt Pleasant Business Park Mt Pleasant Harare Old Mutual Investment Group Mutual Gardens 100 The Chase West Emerald Hill Harare
Internal auditor	PKF Chartered Accountants (Zimbabwe) 3rd Floor Takura House 67 Kwame Nkrumah Avenue P O Box CY 629 Causeway Harare

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The reports and statements set out below comprise the financial statements presented to the stakeholders:

Chairman's Report

Objectives of the Fund

The Investor Protection Fund (hereinafter called "the Fund") was established in terms of the Securities Act as amended by Securities Amendment Act No 2 of 2013, for the purpose of providing compensation to investors for losses suffered as a direct result of a licensed contributor being unable to meet its liabilities through insolvency, malpractice or other cause. Thus an investor will have recourse to the Fund where a licensed contributor is unable, or likely to be unable, to pay its liabilities, in the event of (a) cessation of trading, or (b) contributor having insufficient assets to meet its liabilities or (c) insolvency declared by a competent court in Zimbabwe.

Board of Directors

The management of the Fund is vested in a Board of Directors, which is responsible for the administration and management of the Fund. The Board consists of six Directors.

Service providers

During the year, the Fund's investments continued to be under the management of three Asset Managers, ABC Asset Management, Invesci Asset Management and Old Mutual Investment Group. The assets are registered in the name of the Fund and are kept at Stanbic Custodial Services. Accounting, administration and secretarial services of the Fund continued to be provided by Comarton Consultants (Private) Limited.

Fund Performance

During the year, the Fund maintained its conservative investment strategy which focuses on capital preservation. The Fund posted a return on equity of 132% mainly driven by the listed equities portfolio. Total income of the Fund was $19,581,105.39 which included levy income of $8,662,465 whilst interest income of $5,905; sundry income of $7,494,039, foreign exchange gain $3,268,943 surplus on sale of shares of $149,753 contributed significantly to total income. Expenses for the year amounted to $17,702,560 with the major expense items being funding of the investor awareness campaigns carried out by the Securities and Exchange Commission, administration and secretarial services and Asset Manager's fees. The Fund recorded a surplus of $258,820,413 (based on the historical accounts) for the year ended 31 December 2020, a 840% jump from the position as at 31 December 2019. The surplus resulted in an increase in the Fund balance from $42,472,197 as at 31 December 2019, to $301,292,610 as at 31 December 2020.

JUSTICE V. ZIYAMBI (RETD)
CHAIRMAN

Directors' Responsibilities and Approval

The Directors are required in terms of the Investor Protection Fund Rules to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and the related information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Investor Protection Fund (Fund) at the end of the financial year and the results of its operations and cash flows for the period then ended in conformity with the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control systems established by the Fund and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the accounting period and all service providers are required to maintain the highest ethical standards in ensuring that the business is conducted in a manner, that in all reasonable circumstances, is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The financial statements are prepared in accordance with appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are of the opinion, based on the information and explanations given by service providers, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The Directors have assessed the ability of the Fund to continue as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The financial statements and the notes thereto set out on pages 10 to 30, which have been prepared on the going concern basis, were approved by the Directors and were signed on their behalf by ;

Director ____________ Date 31/8/21

Director ____________ Date 6/9/21

Nolands
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The Investor Protection Fund

Independent Auditor's Report

To the members of the Investor Protection Fund

Adverse Opinion

We have audited, the accompanying financial statements of the **Investor Protection Fund** for the period ended 31 December 2020 set out on pages 10 to 30, which comprises the Statement of Financial Position as at 31 December 2020, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Reserves and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the accompanying financial statements do not present fairly, in all material respects, the financial position of the **Investor Protection Fund,** as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Adverse Opinion

The prior year financial statements for the year ended 31 December 2019 had an Adverse opinion basing on improper application of International Accounting Standard (IAS) 21 "The Effect of Changes in Foreign Exchange Rates". During the financial year ended 2019, the Fund operated in an environment where suppliers were applying multi-tier pricing, where a single product had different prices depending on the mode of payment, whether USD cash, electronic payment, mobile money or bond notes. Due to the economic environment the Fund operated in, the Fund ended up experiencing premiums on the official foreign exchange rate of 1:1 prescribed by statutory instrument 133 of 2016, between the RTGS FCA, Bond Notes and the Nostro FCA during the period 1 January 2019 to 22 February 2019. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which International Accounting Standard (IAS) 21 "The Effect of Changes in Foreign Exchange Rates" would apply.

The opening balances as at 1 January 2020 contain misstatements that materially affect the current period's financial statements of the Fund, and the effects of the misstatements are not appropriately accounted for. Since the opening balances as at 1 January 2020 entered into the determination of the financial performance, changes in reserves and cash flows for the financial year ended 31 December 2020, adjustments might have been necessary in respect of the current year financial statements of the Fund in line with the requirements of IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors.

Inflation adjusted amounts in terms of requirements of IAS29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") were arrived at basing on misstated historical amounts, consequently, corresponding numbers on the inflation adjusted Statement of Profit or Loss and Other Comprehensive Income, the inflation adjusted Statement of Financial Position, the inflation adjusted Statement of Changes in Reserves, and the inflation adjusted Statement of Cash Flows remain misstated and this also impacts comparative figures. The comparability and misstatements' effects have not been quantified. However, they have been determined to be inherently both material and pervasive given their nature and the impact when the underlying historical amounts are restated for hyperinflation.

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

Key Audit Matters

We summarize below the matters that had the greatest effect on our audit, our key audit procedures and our findings from those procedures in order that the members may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our audit opinion on the Fund's financial statements.

The key audit matters below relate to the audit of the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property The Fund owns investment properties in Harare. As at 31 December 2020, the total carrying amount of the investment properties were ZWL 59,810,540 as indicated in Note 11.4.2 of financial statements. The fair value of the Fund's investment properties was assessed by the Fund's service providers and was determined to be ZWL59,810,540 resulting in a total fair value gain of ZWL48,979,026 recognized in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020. We identified the valuation of the investment properties as a key audit matter since the determination of the fair values involves significant judgement and estimation, particularly in selecting the appropriate valuation methodology and in determining the underlying assumptions, which increase the risk of error or potential management bias.	Our audit procedures to assess the valuation of investment properties included the following: • evaluating the qualifications, experience and competence of the property valuers engaged by management and holding discussions with the property valuers, without the presence of management, to understand their valuation methods and the assumptions applied; • evaluating the valuation methodology used by the property valuers by comparison with the valuation methodologies applied by other valuers for similar property types; • assessing the projected cash flows used in the valuations by comparing specific details with underlying leases and externally available industry and economic data; and • assessing the key assumptions adopted in the valuations, taking into consideration comparability and market factors, and considering the possibility of error or management bias in the selection of assumptions adopted.

Other information

The Directors are responsible for the other information. Other information does not include the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion of any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Investor Protection Fund Rules, and for such internal control as the board determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.

- 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Bernard Matamba.

Nolands

Nolands Harare Chartered Accountants
Per Bernard Matamba
PAAB Practising Number:-77
Registered Auditor

07/09/2021
Date

The Investor Protection Fund
Financial Statements for the year ended 31 December 2020

Statement of Financial Position		Inflation adjusted		Historical	
Figures in ZWL Dollar	Notes	2020	2019	2020	2019
ASSETS					
Non Current Assets					
Directly-owned investment properties	11.4.2	59 810 540	48 633 497	59 810 540	10 831 514
		59 810 540	**48 633 497**	**59 810 540**	**10 831 514**
Current Assets					
Cash and cash equivalents	7	5 898 310	9 267 787	5 898 310	2 064 095
Trade and other receivables	10	1 363 882	744 994	1 363 882	165 923
		7 262 192	**10 012 781**	**7 262 192**	**2 230 018**
Investments					
Money market Investments	8	35 501	2 075 764	35 501	462 308
Quoted Investments	11.1	193 402 180	87 298 847	193 402 180	19 442 950
Unquoted Investments	11.2	2 225 830	1 266 111	2 225 830	281 985
Commodities	11.3	-	5 870 715	-	1 307 509
Unit property Investments	11.4.1	40 460 827	36 499 939	40 460 827	8 129 162
		236 124 338	**133 011 377**	**236 124 338**	**29 623 915**
TOTAL ASSETS		**303 197 070**	**191 657 654**	**303 197 070**	**42 685 447**
RESERVES AND LIABILITIES					
Reserves					
Accumulated fund		301 190 020	190 652 278	301 292 610	42 472 197
		301 190 020	**190 652 278**	**301 292 610**	**42 472 197**
Non Current Liabilities					
Rent deposit		184 377	61 760	81 787	3 091
		184 377	**61 760**	**81 787**	**3 091**
Current Liabilities					
Trade and other payables	9	1 822 673	943 617	1 822 673	210 160
		1 822 673	**943 617**	**1 822 673**	**210 160**
TOTAL RESERVES AND LIABILITIES		**303 197 070**	**191 657 654**	**303 197 070**	**42 685 447**

The financial statements and the notes thereto on pages 10 to 30, were approved by the Board of Directors on the 18 / 8, 2021 and were signed on its behalf by:

Chairman

Director

Statement of Changes in Reserves

Figures in ZWL Dollar

Inflation adjusted	Retained Earnings	Total
Balance as at 31 December 2018	**4 458 573 388**	**4 458 573 388**
Total comprehensive income for the year	(4 267 921 111)	(4 267 921 111)
Balance as at 31 December 2019	**190 652 278**	**190 652 278**
Total comprehensive income for the year	110 537 742	110 537 742
Balance as at 31 December 2020	**301 190 020**	**301 190 020**

Historical	Retained Earnings	Total
Balance as at 31 December 2018	**14 932 872**	**14 932 872**
Total comprehensive income for the year	27 539 325	27 539 325
Balance as at 31 December 2019	**42 472 197**	**42 472 197**
Total comprehensive income for the year	258 820 413	258 820 413
Balance as at 31 December 2020	**301 292 610**	**301 292 610**

The Investor Protection Fund

Financial Statements for the year ended 31 December 2020

Statement of Cash Flows		Inflation adjusted		Historical	
Figures in ZWL Dollar	Notes	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Surplus for the year		**110 537 742**	**(4 267 921 111)**	**258 820 413**	**27 539 325**
Adjustments for:					
Interest income	1	(7 579)	(2 132 737)	(5 905)	(171 715)
Dividends received	2	(5 473 449)	(3 946 208)	(3 382 329)	(604 855)
Surplus / (loss) on disposal of shares		4 448 701	(3 167 735)	2 742 775	(377 536)
Loss on sale of skyes maize future contracts		100 312	-	100 312	-
Fair value exchange gain		(3 268 943)	(802 134)	(3 268 943)	(178 649)
Credit loss allowance		-	56 016	-	12 476
Inflation adjustments		139 413 885	3 778 665 216	-	-
Other non-cash items		182 099	(243 129)	182 099	(54 149)
Increase in fair value of investments	11.5	(256 941 868)	118 480 035	(256 941 868)	(26 387 536)
		(11 009 099)	**(381 011 787)**	**(1 753 446)**	**(222 640)**
Working capital changes					
(Increase)/decrease in trade and other receivab		(1 197 959)	(375 961)	(1 197 959)	(83 733)
Increase/(decrease) in trade and other payables		1 612 514	768 414	1 612 514	171 139
Rent deposit		(122 617)	(61 850)	(81 787)	(3 091)
Cash generated from operations		**(10 717 162)**	**(380 681 184)**	**(1 420 678)**	**(138 325)**
Net cash flows from operating activities		**(10 717 162)**	**(380 681 184)**	**(1 420 678)**	**(138 325)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	1	7 579	2 132 737	5 905	171 715
Dividends received	2	5 473 449	3 946 208	3 382 329	604 855
Purchase of shares		(16 175 111)	(10 630 466)	(16 175 111)	(2 367 587)
Sale of shares		9 722 729	4 675 260	9 722 729	1 041 261
Sale of property		116 967	1 049 758	116 967	233 799
Sale of Sykes Maize Futures Contract		4 506 079	-	4 506 079	-
Purchase of property units	11.4.2	-	(2 339 290)	-	(521 000)
Sale of money markets		427 050	7 069 344	427 050	1 574 464
Net cash flows from investing activities		**4 078 742**	**5 903 550**	**1 985 948**	**737 507**
Net increase in cash and cash equivalents		**(6 638 420)**	**(374 777 633)**	**565 271**	**599 182**
Effects of foreign exchange gain on cash and cash equivalents		3 268 943	802 135	3 268 943	178 649
Cash and cash equivalents at the beginning of the year		9 267 787	384 045 420	2 064 095	1 286 264
Cash and cash equivalents at the end of the year	7	**5 898 310**	**9 267 787**	**5 898 310**	**2 064 095**
Represented By:-					
Cash and Bank Balances		**5 898 310**	**9 267 787**	**5 898 310**	**2 064 095**

Accounting Policies

1. Incorporation and activities

The Fund was established by an Act of Parliament in terms of Section 86B of the Securities Amendment Act, 2013 (the Act).

The objective of the Fund as provided for in Section 4 of the Securities Act (Chapter 24:25) is to provide high levels of investor protection by providing an additional layer of protection to investors and offer reimbursement for losses suffered as a direct result of a participant firm becoming insolvent.

The management of the Fund is vested in a Board set up in terms of Section 86C of the Act, currently made up of six members. The Board has outsourced the investment management function to three professional asset managers, with the Board exercising oversight. Other professional services such as Fund administration services and custodial services are contracted out to professional service providers.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Securities Act [Chapter 24:21], except for the non compliance with International Accounting Standards (IAS) 21, The effect of Changes in Foreign Exchange Rates explained note 2.1.1.

2.1.1 Functional and presentation currency

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

The company operated in a multi-currency environment, the main currencies being the United States Dollars (USD) and quasi-currency instruments in the form of electronic balances and bond notes which, during the reporting period, were officially pegged to the US$ at an official exchange rate of 1:1. Multier-tier pricing in the market depending on the mode of payment (US$, bond note, mobile money or RTGS$) and persistent shortages of foreign currency resulting in delays in settling foreign obligations at the official exchange rate, particularly subsequently to monetary policy changes in the October 2018, triggered deliberations on whether the US$ remained the functional currency for companies operating in Zimbabwe.

Given the environment that the company is currently operating in, the directors have assessed in terms of IAS 21, if there has been a change in the functional currency used by the company during the year. In their assessment the Directors included considerations of whether the various modes of settlement may represent different forms of currency. The following was considered:

(a) On the 1st October 2018 the Reserve Bank of Zimbabwe (RBZ) through Exchange Control Directive RT120/2018, directed all banks to ring-fence Nostro foreign currency accounts (FCAs) by separating them into two categories, namely Real Time Gross Settlement (RTGS) FCAs for local RGTS transactions and Nostro FCAs for foreign currency transactions at a parity rate of 1:1.

(b) On the 22nd of February 2019 Statutory Instrument 33 of 2019 (SI 33) was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency named the RTGS Dollar/ ZWL at a base rate of USD1:ZWL$2.5. Another Exchange Control Directive RU 28 of 2019 was issued at the time which introduced an interbank market for trading US$ as well as other currencies in the multi-currency regime.

(c) On June 24 2019 the Government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi-currencies and compelled that all transactions be made in local currency (RTGS Dollar/ZWL).

2.1.1 Functional and presentation currency (continued)

(d) The Reserve Bank of Zimbabwe announced various interventions in response to the financial vulnerabilities caused by the Covid-19 pandemic. One of the measures announced therein was the authorisation of the use of free funds in paying for goods and services, in terms of Statutory Instrument 185 of 2020. The Government of Zimbabwe issued Statutory Instrument 185 of 2020 which granted permission to display, quote or offer prices of all goods and services in both the Zimbabwean dollars and foreign currency at the interbank exchange rate.

As a result of these currency changes announced by the monetary authorities, the directors concluded that the Fund's functional currency remains the Zimbabwean Dollar (ZWL) following its change from The United States Dollar (USD) with effect from 22 February 2019.

2.1.2 IAS 29 Hyperinflationary economies

The Public Accountants and Auditors Board through its pronouncement 01/2019 provided guidance to all entities that report based on the International Financial Reporting Standards (IFRSs) on the application of Financial Reporting in Hyperinflationary Economies Standard (IAS29) in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial period ended on or after 1 July 2019 apply the requirements of IAS29 " Financial Reporting in Hyperinflationary economies."

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL$). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS29 compliant.

Sources of price index

Indices used were obtained from the Zimbabwe Statistical Office for the period from February 2009 to December 2020.

Year	Indices	Conversion factor
Dec-18	88,81	27,86
Dec-19	551,63	4,49
Dec-20	2474,51	1,00

2.1.3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates.

Fair value estimation□

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

2.1.3 Significant accounting policies (continued...)

Trade receivables, loans and other receivables

The Fund assesses its trade receivables, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

3.1 Financial Instruments

Financial instruments held by the Fund are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Fund ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Fund are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when subsequently measured at amortised cost. Applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Fund's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Fund becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

3.1 Financial instruments (continued....)

Trade and other receivables (continued...)

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Impairment

The Fund measures the loss allowance for trade and other receivables at an amount equal to lifetime losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The Fund writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Fund recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

3.1 Financial instruments (continued....)

Trade and other payables

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Fund becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the Fund to liquidity risk and possibly to interest rate risk.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Money market instruments

Money market instruments are generally fixed rate and are measured at amortised cost using the effective interest rate method.

Quoted Investments

Quoted investments are investments in shares trading on Stock Exchange for trading purposes. These investments are recognised at fair value through profit and loss. The share values are determined in line with IFRS 13 Level 1 Fair value measurement. Details of the fair valuation are on the specific notes.

Unquoted Investments

Unquoted Investments are investments in shares that are not trading on Stock Exchange for trading purposes. The shares are recognised at fair value through profit and loss. The share values are determined line with IFRS 13 Level 2 Fair value measurement. Details of the fair valuation are on the specific notes.

3.1 Financial instruments (continued....)

Derecognition

Financial assets

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

Financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Fund only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

3.2 Taxation

Effective from 1 January 2014 the Investor Protection Fund was established as a separate legal entity from the Securities and Exchange Commission of Zimbabwe (the Commission). The Fund was up to that point exempt from corporate tax when it was a part of the Commission as the Commission is exempt from corporate tax. In terms of the letter dated 24 July 2019 from the Ministry of Finance, the income tax exemption that was granted to the Fund prior promulgation of the securities Amendment Act still subsists, hence the Fund also as a separate legal entity is exempt for tax purposes.

3.3 Offset

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities, which are indeterminable monetary amounts and the Fund intends to settle on a net basis, the relevant financial assets and liabilities are offset.

3.4 Unclaimed shares

Unclaimed share certificates are not assets of the Fund; however the Fund does have responsibility for their safe custody until the date of collection by respective investors. They are accounted for as off statement of financial position items and are carried at the fair value of the underlying listed equity counters. The resultant dividends from the unclaimed share certificates are also not income for the Fund and are carried at amortized cost as an off statement of financial position item.

3.5 Investor Protection Income

Income comprises of levies for services rendered in the ordinary course of the Fund's activities. Income is measured by reference to the fair value of the consideration received or receivable by the fund for services provided, excluding rebates and trade discounts.

In terms of Statutory Instrument 108 of 2014 every registered contributor is liable to pay contributions for the fund at the rate of 0.025% of total value of trades.

3.6 Investment properties

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Fund, and the cost of the investment property can be measured reliably.

Property investments comprise of investments in property units and investment property. The investments held to earn rentals or capital appreciation and are initially measured at cost, including transaction costs and subsequently at fair value with the gains and losses arising from changes in the fair value of the investments being recognised in profit or loss in the reporting period in which they arise. Rental income from the investments is accounted in profit or loss.

3.7 Provisions

A provision is recognised in the statement of financial position when the Fund has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.8 Rental income

Rental income arising from operating leases on investment properties is accounted for on straight line basis over the lease terms.

3.9 Interest income

Interest income from Fund deposited is recognised on accrual basis.

3.10 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Fund has related party relationships with its key management, Fund Directors, Fund Secretaries, the Ministry of Finance and the Securities and Exchange Commission of Zimbabwe.

The Investor Protection Fund
Financial Statements for the year ended 31 December 2020

Notes to financial statements	Inflation adjusted		Historical	
Figures in ZWL Dollar	2020	2019	2020	2019
1 Interest income				
Interest from money market investments	7 579	2 132 737	5 905	171 715
	7 579	**2 132 737**	**5 905**	**171 715**
2 Sundry income				
Dividends	3 869 782	3 946 208	3 382 329	604 855
Rentals	1 600 594	569 050	1 135 997	87 221
Other income	3 073	1 618 513	2 975 713	248 078
	5 473 449	**6 133 771**	**7 494 039**	**940 154**
3 Board fees				
Retainer	746 573	591 909	628 680	70 200
Sitting allowances	269 901	313 990	227 280	37 239
Sub-committee fees	173 497	79 090	146 100	9 380
	1 189 971	**984 989**	**1 002 060**	**116 819**
Board Costs				
Directors expenses	-	91 392	-	10 839
Smith LG	-	26 138	-	3 100
Kaliati M	187 225	131 999	157 660	15 655
Bgoni J	195 752	132 126	164 840	15 670
Zhou NPS	178 758	137 016	150 530	16 250
Ziyambi VC	234 512	145 026	197 480	17 200
Chinamo T	199 077	153 036	167 640	18 150
Zvareva N	194 647	152 277	163 910	18 060
Matanda M	-	15 978	-	1 895
	1 189 971	**984 989**	**1 002 060**	**116 819**
4 Asset management fees				
ABC Asset Management	1 013 003	1 203 062	720 896	104 486
Old Mutual Investment Group	516 694	808 840	375 369	70 248
Atria Asset Management	17 497	883 321	4 526	76 717
Invesci Asset Management	489 212	-	389 156	-
	2 036 406	**2 895 224**	**1 489 947**	**251 451**
5 Other expenditure				
Directors' expenses	598 722	48 425	588 794	4 074
Property expenses	897 056	1 222 577	42 418	102 850
Credit loss allowance	-	56 016	-	12 476
Three Anchor (Old Mutual Custodial Services) fees	17 924	251 684	15 882	21 173
Advertisement expenses	-	22 585	-	1 900
Other expenses - PRI Nsubs	26 501	-	18 112	-
Other expenses	162 450	-	162 450	-
Legal fees	469 557	414 968	335 879	34 909
Intellego Investments Consultants	116 574	234 432	75 812	19 722
	2 288 785	**2 250 688**	**1 239 346**	**197 104**
6 Custodial services costs				
Stanbic Nominees (Private) Limited	114 413	135 706	82 239	11 786
Chengetedzai	185 766	250 429	127 159	21 750
	300 180	**386 136**	**209 398**	**33 536**

Notes to financial statements	Inflation adjusted		Historical	
Figures in ZWL Dollar	2020	2019	2020	2019
7 Cash and cash equivalents				
7.1 Cash and Bank				
Stanbic Bank (main)	126 516	13 862	126 516	3 087
Nedbank	981 371	752 553	981 371	167 606
	1 107 887	**766 414**	**1 107 887**	**170 693**
7.2 Call Accounts				
Old Mutual Investment Group	2 789 140	3 969 041	2 789 140	883 973
Atria	38	2 746 849	38	611 770
Banc ABC	356 956	1 056 181	356 956	235 230
Cabs Call Account	-	729 260	-	162 419
Datvest	9	42	9	9
Invesci	1 644 279	-	1 644 279	-
	4 790 423	8 501 372	**4 790 423**	1 893 401
7.3 Cash and cash equivalents				
Cash and Bank	1 107 887	766 414	1 107 887	170 694
Call accounts 225	4 790 423	8 501 372	4 790 423	1 893 401
	5 898 310	**9 267 787**	**5 898 310**	**2 064 095**
8 Money Market Investments				
Invesci Asset Management	10 370	899 661	10 370	200 370
ABC Asset Management	11 722	176 728	11 722	39 360
Old Mutual Investment Group	13 409	999 376	13 409	222 578
	35 501	**2 075 765**	**35 501**	**462 308**
9 Trade and other payables				
Management fees and custodial fees outstanding	382 099	181 089	382 099	40 332
Levies overpaid	-	634	-	141
Unclaimed shares dividends	3 342	50 207	3 342	11 182
Share purchases	-	63 954	-	14 244
Unclaimed deposit from Invesci	-	-	-	-
Directors fees withholding tax	253 255	-	253 255	-
Audit fees provision	1 183 977	647 733	1 183 977	144 261
	1 822 673	**943 617**	**1 822 673**	**210 160**
10 Trade and other receivables				
Levies outstanding	1 353 297	522 973	1 353 297	116 475
Credit loss allowance	-	(56 016)	-	(12 476)
	1 353 297	**466 956**	**1 353 297**	**103 999**
Rent receivable	2 317	96 484	2 317	21 489
Funds overpaid to Unclaimed Shares	-	55 393	-	12 337
ZSE Bond interest receivable	-	50 189	-	11 178
Interest due from money market investments	8 268	75 971	8 268	16 920
	1 363 882	**744 993**	**1 363 882**	**165 923**

11 Consolidated position- Investments

11.1 Quoted investments

	Inflation adjusted			
	31-Dec-20		31-Dec-19	
Counter	Number of shares	Market Value	Number of shares	Market Value
Axia Corporation Limited	797 721	8 441 679	752 721	481 741
Afreximbank	54 728	14 636 575	-	-
Bindura Nickel Corporation Limited	1 432 235	5 384 487	1 432 235	231 736
British American Tobacco Zimbabwe	6 405	3 522 750	4 902	234 071
Cassava Smartech Zimbabwe	928 972	3 950 381	928 972	1 303 348
CBZ Holdings Limited	199 480	-	334 779	139 058
Cottco Holdings Ltd	662 138	-	662 138	-
Dairibord Holdings Limited	255 866	2 807 004	255 866	109 383
Delta Corporation Limited	1 100 736	25 374 305	790 694	2 688 834
Econet Wireless Zimbabwe Limited	1 153 659	9 482 006	1 142 859	1 682 060
Edgars Stores Limited	165 790	207 287	90 431	18 991
Fbc Holdings Limited	593 780	8 914 716	612 880	399 904
First Capital Bank	1 418 730	709 013	1 418 730	141 164
Hippo Valley Estates Limited	41 258	3 720 283	41 258	80 454
Innscor Africa Limited	597 964	26 309 406	495 014	1 743 291
Meikles Limited	29 840	758 652	65 323	163 961
Nampak Zimbabwe	311 395	710 759	311 395	224 204
National Foods Holdings Limited	20 436	1 228 204	20 436	184 128
Nedbank Group Ltd	2 855	2 064 234	2 855	675 842
NMBZ Limited Holdings	293 569	1 174 276	293 569	120 363
OK Zimbabwe Limited	1 869 457	18 918 498	1 218 057	672 855
Old Mutual Plc	74 497	5 501 153	74 497	2 719 162
Padenga Holdings Limited	829 221	19 338 595	829 721	2 032 816
PPC Limited	122 017	1 742 082	77 234	308 936
Quilter PLC	36 127	6 191 862	36 127	1 100 572
Seedco Co Limited	283 764	7 109 792	201 097	382 587
Seedco International Limited	200 510	2 951 826	199 516	599 545
Simbisa Brands Limited	397 428	10 719 834	738 665	923 331
TSL Limited	106 425	1 532 520	106 425	80 616
Total Quoted Investments		**193 402 180**		**19 442 950**

11.2 Unquoted investments

Astra	231 135	**2 225 830**	231 135	**1 266 111**
Grand total quoted and unquoted investments		**195 628 010**		**20 709 062**

11.3 Commodities

	Units	Market Value	Units	Market Value
Riverside-Atria	-	-	382 149	4 291 358
Linked Debenture Note	-	-	33 500	1 579 358
		-		**5 870 715**

11 Consolidated position- Investments (Continued)

11.1 Quoted investments (continued)

Counter	Historical 31-Dec-20 Number of shares	Historical 31-Dec-20 Market Value	Historical 31-Dec-19 Number of shares	Historical 31-Dec-19 Market Value
Axia Corporation Limited	797 721	8 441 679	752 721	481 741
Afreximbank	54 728	14 636 575	-	-
Bindura Nickel Corporation Limited	1 432 235	5 384 487	1 432 235	231 736
British American Tobacco Zimbabwe	6 405	3 522 750	4 902	234 071
Cassava Smartech Zimbabwe	928 972	3 950 381	928 972	1 303 348
CBZ Holdings Limited	199 480	-	334 779	139 058
Cottco Holdings Ltd	662 138	-	662 138	-
Dairibord Holdings Limited	255 866	2 807 004	255 866	109 383
Delta Corporation Limited	1 100 736	25 374 305	790 694	2 688 834
Econet Wireless Zimbabwe Limited	1 153 659	9 482 006	1 142 859	1 682 060
Edgars Stores Limited	165 790	207 287	90 431	18 991
Fbc Holdings Limited	593 780	8 914 716	612 880	399 904
First Capital Bank	1 418 730	709 013	1 418 730	141 164
Hippo Valley Estates Limited	41 258	3 720 283	41 258	80 454
Innscor Africa Limited	597 964	26 309 406	495 014	1 743 291
Meikles Limited	29 840	758 652	65 323	163 961
Nampak Zimbabwe	311 395	710 759	311 395	224 204
National Foods Holdings Limited	20 436	1 228 204	20 436	184 128
Nedbank Group Ltd	2 855	2 064 234	2 855	675 842
NMBZ Limited Holdings	293 569	1 174 276	293 569	120 363
OK Zimbabwe Limited	1 869 457	18 918 498	1 218 057	672 855
Old Mutual Plc	74 497	5 501 153	74 497	2 719 162
Padenga Holdings Limited	829 221	19 338 595	829 721	2 032 816
PPC Limited	122 017	1 742 082	77 234	308 936
Quilter PLC	36 127	6 191 862	36 127	1 100 572
Seedco Co Limited	283 764	7 109 792	201 097	382 587
Seedco International Limited	200 510	2 951 826	199 516	599 545
Simbisa Brands Limited	397 428	10 719 834	738 665	923 331
TSL Limited	106 425	1 532 520	106 425	80 616
Total Quoted Investments		**193 402 180**		**19 442 950**

11.2 Unquoted investments

	Number of shares 31-Dec-20	Market Value 31-Dec-20	Number of shares 31-Dec-19	Market Value 31-Dec-19
Astra	231 135	**2 225 830**	231 135	**281 985**
Grand total quoted and unquoted investments		**195 628 010**		**19 724 935**

11.3 Commodities

	Units	Market Value	Units	Market Value
Riverside-Atria	-	-	382 149	955 759
Linked Debenture Note	-	-	33 500	351 750
		-		**1 307 509**

11 Consolidated position- Investments (continues...)

11.4 Property investments

11.4.1 Unit properties

	Inflation adjusted				Historical			
	31-Dec-20		31-Dec-19		31-Dec-20		31-Dec-19	
ABC Asset Management	**Units**	**Market Value**	**Units**	**Market Value**	**Units**	**Market Value**	**Units**	**Market Value**
Brick and Mortar property units	5 336	38 619	64 712	562 685	5 336	38 619	64 712	125 320
Willowvale Industrial	33 860	2 241 519	16 460	2 064 084	33 860	2 241 519	16 460	459 707
Motor City property units	34	13 690 755	32	12 607 028	34	13 690 755	32	2 807 801
Zimtile property	11 894	992 551	2 674	913 333	11 894	992 551	2 674	203 415
Mount pleasant	5	4 182 269	5	3 851 211	5	4 182 269	5	857 731
Kingsmead clusters	24 012	5 091 158	17 032	4 849 815	24 012	5 091 158	17 032	1 080 137
		26 236 871		24 848 156		26 236 871		5 534 110
Old Mutual Investment Group								
Real Estate Co-Fund	10 000	14 223 956	10 000	11 651 783	10 000	14 223 956	10 000	2 595 052
Total unit properties		**40 460 827**		**36 499 939**		**40 460 827**		**8 129 162**
Reconciliation of carrying amount of unit properties								
Balance at 1 January		**36 499 939**		**3 268 538**		**8 129 162**		**727 959**
Purchase of units in investments properties		-		2 339 290		-		521 000
Fair value gain		3 843 920		31 941 873		32 214 697		7 114 003
Sale of property		116 967		(1 049 761)		116 967		(233 800)
Balance as 31 December		**40 460 827**		**36 499 939**		**40 460 827**		**8 129 162**

Investments in property units comprise of the units purchased from different properties. The Fund purchases units in the properties from which it earns rental income which is proportional to the units held. Units in investments properties can be disposed at any time as there is no fixed renewal periods. Further information of investments in property units held by the Fund are illustrated here above .

11.4.2 Directly-owned properties

	Inflation adjusted 31-Dec-20	Inflation adjusted 31-Dec-19	Historical 31-Dec-20	Historical 31-Dec-19
Directly-owned properties	**59 810 540**	**48 633 497**	**59 810 540**	**10 831 514**
Balance as at 1 January	**48 633 497**	**6 082 379**	**10 831 514**	**1 354 650**
Fair value gain	11 177 043	42 551 118	48 979 026	9 476 864
Balance as at 31 December	**59 810 540**	**48 633 497**	**59 810 540**	**10 831 514**

11 Consolidated position- Investments (continues...)

11.4 Property investments (continues...)

The Fund purchased 24 stands at Riverside in 2018 at a total cost of $816,344 and the stands were revalued at year end to $32,574,560 (31 December 2019 : $6,015,514). The Fund also purchased Lot 92 Highlands Estate from the Securities Exchange of Zimbabwe (SECZ) for a purchase price of $356,805 in 2018 and has been revalued as 31 December 2020. The property was being rented out to Display Wonderland beginning 1 March 2019, for a monthly rental fee of US$800 and ZWL values are being converted using monthly auction rates. The Highlands Estate property has a value of $24,535,980 (31 December 2019 : $4,816,000) as at 31 December 2020.

Valuation technique

The last fair valuations of the Highlands Estate and Riverside stands were done on 29 April 2021 by Rawson Properties Valuation. These valuations were categorized under level 3 of the fair value hierarchy based on inputs to the valuation technique used.

Lot 92 Highlands Estate

The direct comparison method was applied in measuring the property, after the identification of various properties that have been sold or which were on sale and situated in comparable areas. This method was also combined with the gross replacement cost method, where the estimated value is based on the estimated cost of erecting the building, or a modern substitute building having the same gross internal area as that existing, and the ancillary site works together with the relevant professional fees and other associated expenses directly related to the construction of the building and site works.

Riverside stands

The direct comparison method is applied in measuring the property, after the identification of various properties that have been sold or which were on sale and situated in comparable areas.

11.5 Fair value of investments

	Inflation adjusted		Historical	
	2020	2019	2020	2019
Increase /(decrease) in fair value of investments				
Atria Asset Management	56 794 798	21 259 315	56 794 798	4 734 814
ABC Asset Management	74 276 456	14 502 071	74 276 456	3 229 860
Old Mutual Investment Group	84 523 784	8 935 030	84 523 784	1 989 985
Owner managed property	41 346 830	73 783 618	41 346 830	16 432 877
	256 941 868	**118 480 035**	**256 941 868**	**26 387 536**

12 Related Party Disclosures

12.1 Ministry of Finance and other Regulators

There were no transactions directly with the Ministry of Finance during the year.

12.2 Key management personnel

Key management personnel responsible for the day to day management of the Fund. These individuals and the Board of the Fund are responsible for the operational and strategic decisions of the Fund.

	Inflation adjusted 2020	Inflation adjusted 2019	Historical 2020	Historical 2019
Compensation of key management personnel of the Fund				
Fund Secretary fees	2 732 850	2 128 826	1 698 732	212 124
Board fees (note 3)	1 189 971	984 989	1 002 060	116 819
	3 922 821	**3 113 815**	**2 700 792**	**328 943**

There were no loans to Fund Directors during the year.

13 Risk management

13.1 Financial risk management

The main risks arising from the Fund's financial instruments are market risk (which includes currency risk and interest rate risk), credit risk and liquidity risk. The Fund does not use derivative financial instruments for speculative purposes. The Board of Directors has the overall responsibility for the establishment and oversight of the Fund's risk management framework. These policies are reviewed by management on a regular basis for adequacy in being able to manage any changes in risks arising from changes in the operating environment.

The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. Risk management is carried out by Directors. The Directors provides principles for overall risk management, as well as policies covering specific areas, such as market risk, interest rate risk, credit risk, and investment of excess liquidity.

Currency risk

In respect of monetary assets and liabilities denominated in foreign currencies, the Fund ensures that net exposure is kept to an acceptable level. This is achieved through all levies remitted and purchases being made in Zimbabwe dollars, which is the Fund's functional currency.

Interest rate risk

The interest rates for interest receivable from local financial institutions are generally pegged against the London Interbank Offered Rate (LIBOR). The Fund manages this risk by financing its operations through accumulated funds as a result of which exposure to interest rate risk is minimal.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Independent rating is inapplicable so the Board assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

13.2 Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Carrying amount	Inflation adjusted		Historical	
	2020	2019	2020	2019
Trade receivables	1 353 297	519 381	1 353 297	115 675
Cash and cash equivalents	5 898 310	9 267 787	5 898 310	2 064 095
Investments	35 501	2 075 764	35 501	462 308
	7 287 107	11 862 931	7 287 107	2 642 078

13 Risk management (continues...)

13.2 Credit risk (continues...)

Impairment costs

The ageing of trade receivables at the reporting date was as follows:

	Inflation adjusted			
	Gross 2020	Provision 2020	Gross 2019	Provision 2019
Not past due 0-30 days	1 353 222	-	428 094	-
Past due 31-120 days	49	-	35 270	-
More than 120 days	26	-	56 016	12 476
	1 353 297	**-**	**519 381**	**12 476**

	Historical			
	Gross 2020	Provision 2020	Gross 2019	Provision 2019
Not past due 0-30 days	1 353 222	-	95 344	-
Past due 31-120 days	49	-	7 855	-
More than 120 days	26	-	12 476	12 476
	1 353 297	**-**	**115 675**	**12 476**

13.3 Liquidity risk

The following are contractual maturities of financial liabilities, inducing estimated interest payments and excluding the impact of netting agreements :

	Inflation adjusted		Historical	
	Carrying amounts	Payable within 12 months	Carrying amounts	Payable within 12 months
31-Dec-20				
Trade and other payables	1 822 673	1 822 673	1 822 673	1 822 673
	1 822 673	**1 822 673**	**1 822 673**	**1 822 673**
31-Dec-19				
Trade and other payables	943 617	943 617	210 159	210 159
	943 617	**943 617**	**210 159**	**210 159**

13.4 Exposure to currency risk

The Fund is exposed to currency risk related to certain bank accounts which are denominated in a foreign currency. The net carrying amounts, in Zimbabwean Dollar, of cash and cash equivalents, are denominated in the following currencies. The amounts have been presented in Zimbabwean Dollar by converting the foreign currency amount at the closing rate at the reporting date.

	Inflation adjusted		Historical	
	2020	2019	2020	2019
Zimbabwe Dollar amount				
US Dollar	6 753 704	635 194	6 753 704	635 194
Rand	-	966 909	-	966 909
	6 753 704	**1 602 103**	**6 753 704**	**1 602 103**

13 Risk management (continues...)

13.4 Exposure to currency risk (continues...)

The net carrying amounts, in foreign currency of the above exposure was as follows:

	Inflation adjusted		Historical	
	2020	2019	2020	2019
Foreign currency amount				-
US Dollar	82 577	47 639	82 577	47 639
Rand	-	59 200	-	59 200
The following closing exchange rates were applied at reporting date:				
Zimbabwe Dollar per unit of foreign currency:				
US Dollar	82	17	82	17
Rand	-	1	-	1

14 Unclaimed share portfolio

14.1 Ministry of Finance and other Regulators

The Investor Protection Fund, as legally set up seeks to protect public investors. In this regard, the custodian fees are paid by the Fund. The assets currently within the unclaimed share portfolio do not form part of the Fund's assets. The role of the Fund is to pay the custodial fees and provide general oversight of the unclaimed share portfolio. Custodial fees paid for unclaimed shares are disclosed on note 6.

The Commission directed all Stockbrokers to surrender any unclaimed share certificates to appointed custodians these being Old Mutual Custodial Services and Commercial Bank of Zimbabwe (CBZ) Custodial Services. The Fund began the process of dematerialization in 2016 and completed the process in 2019, whereby the individual physical securities were converted to electronic format.

The table below shows the reconciliation of unclaimed shares after completion of the dematerialisation process:

14.2 Reconciliation of unclaimed share certificates

	2020	2019
Market Value		
Portfolio Valuation Opening Balance	32 062 597	22 782 892
Portfolio Valuation Closing Balance	**367 328 518**	**32 062 597**

14.3 Dividends from unclaimed shares

During the year the Fund received dividends from various entities for unclaimed shares. The Fund handed over cash received as dividends from the unclaimed share portfolio to the 3 asset managers. The total dividend received during the year is as below:

Dividend received	**2 635 170**	**368 590**

14.4 Number of share certificates

	Share certificates	
Opening Balance	**20 030**	**20 739**
Transfer in	-	-
Invalid and delisted	-	-
Certificates collected	(56)	(709)
Closing Balance	**19 974**	**20 030**

14 Unclaimed share portfolio (continues...)

14.5 Dematerialisation of share certificates

Share certificates dematerialised successfully	-	19 956
Share certificates not yet dematerialised	-	74
Total share certificates as at 31 December	-	**20 030**

15 Assessment of non-trading shares.

	Share certificates	
The following equity investments have become non-trading shares on the ZSE:		
Non trading shares	2551	2551

16 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Fund to remain as a going concern is dependant on a number of factors. The most significant of these is that the Directors continue to procure funding for the ongoing operations of the Fund.