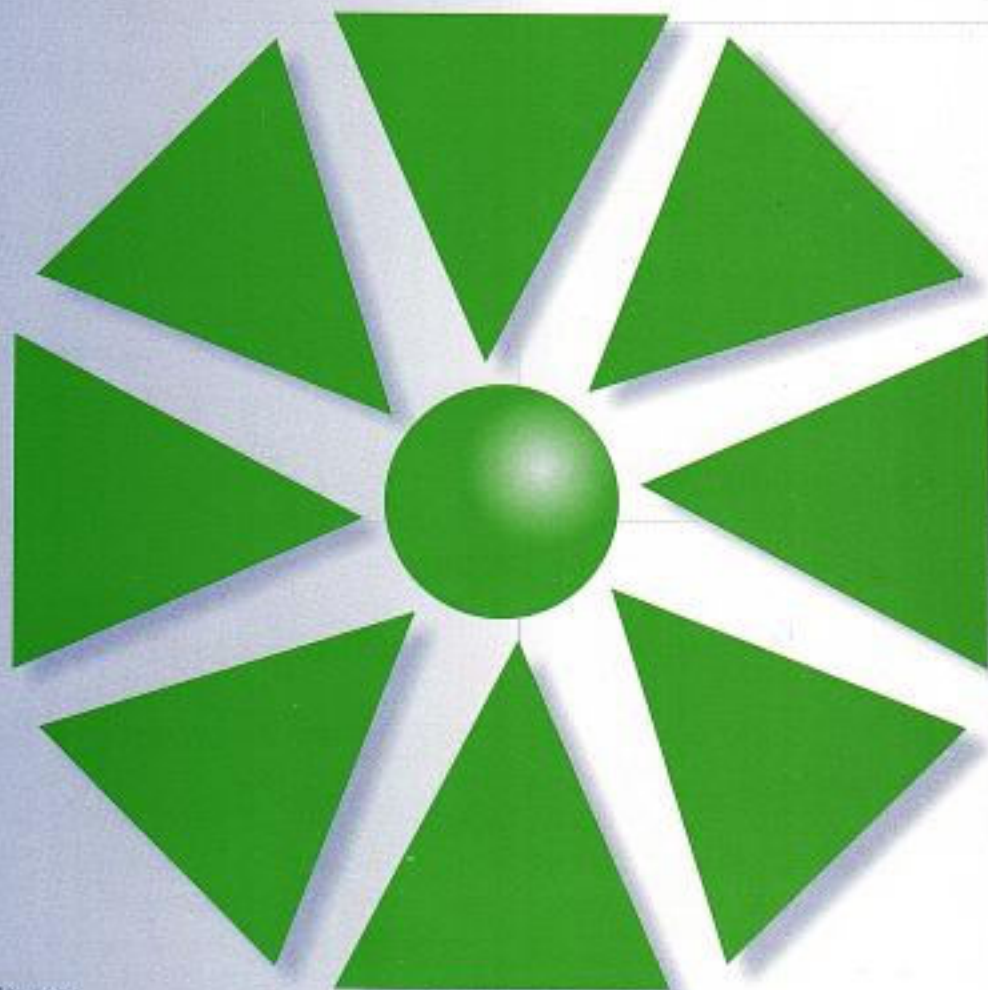




INVESTOR PROTECTION FUND

FINANCIAL STATEMENTS

31 DECEMBER 2022



Investor Protection Fund

Financial Statements for the year ended 31 December 2022

General Information

Nature of business	The Investor Protection Fund (the Fund or IPF) was established in 2013 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 Verhanda Ziyambi (Retired) Mr. Justin Bgoni Mr. Thomson Masvure Mr. Anymore Taruvings Mr. Nyasha Puza Siyahora Zhou	[Chairman] [Board Member] [Board Member] [Board Member] [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 Eastlea Harare		
Financial statements	These financial statements were prepared under the direction and supervision of the Accounts Manager Mr. Maxman Kopera, PAAB Registration number 04588.		
Custodian	Stanbic Custodial Services 59 Samora Machel Avenue Harare	Chengedzai Depository Company 4 Gloucester Close, Eastlea Harare	
External Auditors	Rockstone Chartered Accountants 11 Edinburgh Road Borrowdale Harare Email: info@rockstone.co.zw Website: www.rockstone.co.zw		
Bankers	Stanbic Bank Zimbabwe Limited 59 Samora Machel Avenue Harare		
Asset Managers	Invesco Asset Management 41 Harare Drive Chisipite Harare	ABC Asset Management 1 Endavour Crescent Mt Pleasant Business Park Mt Pleasant Harare	Old Mutual Investment Group Mutual Gardens 100 The Chase West Emerald Hill Harare
Internal Auditors	PKF Chartered Accountants (Zimbabwe) 3rd Floor Takura House 67 Kwame Nkrumah Avenue P.O Box CY 629 Causeway Harare		

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Index

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

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Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Directors' Responsibility Statement and Approval

The Directors are responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with 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 judgments and estimates.

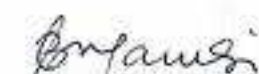
The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. The Directors set standards for internal control aimed at reducing the risk of error or loss 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 Fund and the Fund Administrator is required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. 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 Directors are of the opinion, based on the information and explanations given by management, 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 are satisfied that the Fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

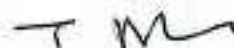
Financial Statements are prepared with the aim of complying with International Financial Reporting Standards (IFRS). The Directors assessed the ability of the Fund to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The external auditors are responsible for independently reviewing and reporting on the Fund's financial statements. The financial statements have been examined by the Fund's external auditors and their report is presented on pages 6 to 8.

The financial statements set out on pages 9 to 35, which have been prepared on the going concern basis, were approved by the Directors and were signed on their behalf by:



CHAIRMAN



DIRECTOR

Date of Approval: 01 June 2023

Rockstone Chartered Accountants
Registered Public Auditors
11 Edinburgh Road
Opposite Sam Levy's Village
Post Office Box BW 495
Borrowdale, Harare
Zimbabwe

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Tel: +263 (0) 772 275 108
Tel: +263 (0) 713 998 223

REPORT OF THE INDEPENDENT AUDITORS

TO THE BOARD MEMBERS OF INVESTOR PROTECTION FUND

Opinion

We have audited the accompanying financial statements of Investor Protection Fund, set out on pages 9 to 35, which comprise the statement of financial position as at 31 December 2022, the 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 the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Investor Protection Fund as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters that came to our attention during the audit.



Other Information

The Directors are responsible for the other information. The other information comprises the Directors' statement. The other information does not include the financial statements and our auditor's opinion thereon. Our opinion on the financial statement does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the requirements of Investor Protection Fund rules, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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. Those charged with governance are responsible for overseeing Investor Protection Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We 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 Investor Protection Fund's internal control. We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Investor Protection 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 Investor Protection Fund to cease to continue as a going concern.

We 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 obtain sufficient audit evidence regarding the financial information of Investor Protection Fund or business activities of Investor Protection Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Investor Protection Fund's audit. We remain solely responsible for our audit opinion.

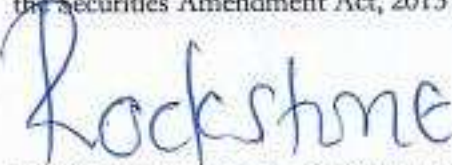
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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.

Report on legal and regulatory requirements

The financial statements have been prepared in compliance with the requirements of the Section 86B of the Securities Amendment Act, 2013 (the Act).



Rockstone Chartered Accountants
Engagement Partner: Pearce Janga
PAAB Practicing Certificate Number: 0609

Harare
Date: 01 June 2023

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Statement of Changes in Reserves

Figures in ZWL Dollar

Inflation adjusted	Accumulated funds	Total
Balance at 31 December 2020	1 664 225 265	1 664 225 265
Total surplus for the year	1 703 658 561	1 703 658 561
Balance at 31 December 2021	3 367 883 826	3 367 883 826
Movements in foreign reserves	89 969 203	89 969 203
Total deficit for the year	(443 503 504)	(443 503 504)
Balance at 31 December 2022	3 014 349 525	3 014 349 525

Historical cost	Accumulated funds	Total
Balance at 31 December 2020	301 292 610	301 292 610
Total surplus for the year	678 427 262	678 427 262
Balance at 31 December 2021	979 719 872	979 719 872
Movements in foreign reserves	89 969 203	89 969 203
Total surplus for the year	1 944 660 451	1 944 660 451
Balance at 31 December 2022	3 014 349 526	3 014 349 526

Investor Protection Fund
Financial Statements for the year ended 31 December 2022

Accounting Policies

1. Incorporation and activities

The fund was established by the 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 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 Reports 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 on note 2.1.1.

Investor Protection Fund
Financial Statements for the year ended 31 December 2022

Accounting Policies

2.1.1 Functional and presentation currency

Items included in the financial statements of the Fund 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 Fund's functional and presentation currency.

During the period October 2018 to February 2019, the Fund operated in a multi-currency environment, the main currencies being the United States Dollars (USD) and quasi-currency instruments in form of electronic balances and bond notes which were officially pegged to the USD at an official exchange rate of 1:1. Multi-tier pricing in the market depending on the mode of payment (USD, 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 October 2018, triggered deliberations on whether the USD remained the functional currency for companies operating in Zimbabwe.

Given the environment that the Fund is currently operating in, the directors assessed in terms of IAS 21, if there has been any change in the functional currency being used by the Fund. In their assessment the Directors included those 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 (FCAs) by separating them into two categories, namely Real Time Gross Settlement (RTGS) FCAs for local RTGS 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 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 USD as well as other currencies in the multi-currency regime.
- (c) On the 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).

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

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 the measures announced therein was the authorization 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 Instruments 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 rates.

As a result of these currency changes announced by the monetary authorities, the directors concluded that the Fund's functional currency remains the Zimbabwe 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 Accountant and Auditors Board through its procurement 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 entities that prepare and present financial statements for financial period ended on or after 1 July 2019 apply 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 judgment was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS29 compliant.

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

2.1.2 IAS 29 Hyperinflationary Economies (Continued...)

Sources of Price index

Indices used were obtained from the Zimbabwe Statistical Office for the period February 2020 to December 2022.

Year	Indices	Conversion factor
Dec – 20	2,474.51	5.53
Dec – 21	3,977.50	3.44
Dec – 22	13,672.91	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 judgments, 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 believe 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 recognized 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.

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

2.1.3 Significant Accounting policies (Continued...)

Fair value estimation

The fair value of financial statement 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 is used for financial assets held by the Fund is the current bid price.

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

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 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 on equity instruments which are held for trading or which are contingent consideration in a business combination).

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

3.1 Financial instruments (continued...)

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 amortized cost at fair value through other comprehensive income); or
- Designated at fair value through profit and 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 and loss.

Financial liabilities:

- Amortized cost; or
- Mandatorily at fair value through profit and 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 and 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 and loss).

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

Trade and other receivable

Classification

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

They have been classified in this manner because their contractual terms gives rise, on specified date 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.

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

3.1 Financial instruments (continued...)

Trade and other receivables (continued...)

Recognition and measurement

Trade and other receivables are recognized when the Fund becomes a part to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transactional costs, if any. They are subsequently measured at amortized cost. The amortized cost is the amount recognized on the receivable initially, minus principal repayments, plus cumulative amortization (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

- For receivables which contain a significant financing component, interest income is calculated on trade receivables is dependent on the credit impaired. The gross carrying amount is the amortized cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-impaired, then the effective interest rate is applied to the amortized 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 amortized 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 USD equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains and losses are recognizes in the profit or loss in other operating gains (loses)

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

3.1 Financial instruments (continued...)

Trade and other receivables (continued...)

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 payables in totality.

An impairment gain or loss is recognized in the profit or loss with the 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 operation 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 the counterparty 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 recognized in profit or loss.

Credit risk

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

De-recognition

Refer to the de-recognition section of the accounting policy for the policies related to de-recognition. Any gains or losses arising on the de-recognition of trade and other receivables is included in profit or loss in the de-recognition gains (losses) on financial assets at amortized cost line item.

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

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 amortized cost.

Recognition and measurement

They are recognized 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 amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized 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 value cash payments (including all fees and points paid or received that form an integral part of the financial liability, or (where appropriate) a shorter period, to the amortized 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 the profit or loss on 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 currency

When trade payables are denominated in 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 (losses).

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

3.1 Financial instruments (continued...)

Trade and other payables

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 the stock Exchange for trading purposes. These investments are recognized 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 specific notes.

Unquoted Investments

Unquoted investments are investments in shares that are not trading on Stock Exchange for trading purposes. The shares are recognized at fair value through profit and loss. The share values are determined in line with the IFRS 12 Level 2 Fair value measurement. Details of the fair valuation are on specific notes.

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

3.1 Financial instruments (continued...)

De-recognition

Financial assets

The fund derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

The Fund derecognizes 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 derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Reclassification

Financial assets

The Fund only reclassifies affected financial assets if there is any 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 stated.

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

Financial Liabilities

Financial Liabilities are not reclassified

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

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 legal enforceable right exists to set-off recognized amounts of the 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 shares certificates are not assets of the Fund; however the Fund does have a responsibility for their safe custody until the date of collection by the 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 the statutory Instruments 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.

Investor Protection Fund

Financial Statements for the year ended 31 December 2022

Accounting Policies

3.6 Investment properties

Investment property is recognized as an asset when, and only when, it is probable that the future economic benefits that are associated with the investments 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 recognized 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 recognized in the statements 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 the 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 recognized 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 party in making financial and operating decisions. The Fund has related party relationships with its key management, the Fund Directors, Fund Secretaries, the Ministry of Finance and the Securities and Exchange Commission of Zimbabwe.

