

CHAIRMAN'S STATEMENT

I am pleased to present the annual accounts for Imara Asset Management Zimbabwe (Pvt) Limited ("Imara") for the year ended March 31st 2020. The numbers stated are based on historical cost accounting and as such comparisons with previous years may be distorted due to the hyperinflationary conditions within the economy.

Imara performed profits of ZWL1.82 billion during the year up from ZWL1.59 billion the year before. Funds under management (FUM) ended the year at ZWL1.62 billion or US\$41m using the parallel exchange rate of ZWL39 to the USD which compares with ZWL507m the year before. Using the interbank market rate of ZWL25 to USD1, FUM ended the financial year at US\$64.8m which compares with US\$169m at the end of 2019. In short, FUM have declined substantially in real terms over Imara's financial year.

Imara's revenues are driven by its underlying funds under management which are heavily influenced by the level of the ZSE. Our investment policy has been to minimize money market assets which have provided very poor yields and whose capital values have been severely depleted in real terms due to rapidly rising inflation. We have therefore invested the bulk of our clients' assets into businesses listed on the Zimbabwe Stock Exchange ("ZSE") but sadly even this asset class has experienced value destruction in real terms as our US dollar funds under management data highlight. It was only in Imara's last quarter to March 2020 that the ZSE began to rise in USD terms. Imara's balance sheet and capital base remain robust and ended the year well above the Securities and Exchange Commission of Zimbabwe's minimum capital requirements. In order to preserve this capital base, management chose to invest a significant proportion of its capital into listed equities rather than money market assets. Further the Board chose not to declare a dividend during the year. Cash flow was therefore channelled as much as possible to the staff whose salaries in real terms have been under pressure due to inflation. To this end, management have paid regular bonuses to its staff throughout the financial year.

The new financial year has seen the ZSE rally sharply higher in both ZWL and USD terms as investors take flight from rising prices and a devaluing currency which has driven Imara's funds under management to higher levels. FUM ended June 2020 at over ZWL5.8 billion. In US dollar terms however and using the interbank rate for consistency at ZWL63.7, this number equated to US\$91 million. This has led to a substantial rise in both revenues and profits which itself has allowed management to substantially boost the salaries of its staff members.

Outside of Imara's core business, the Company manages the Imara Social Investment Fund on behalf of the Imara Zimbabwe Group. Every quarter Imara together with its sister companies pay a percentage of its profits into this fund that is then used to support the education and medical well being of disadvantaged individuals. A sub-committee of the main Board of the Imara Zimbabwe Group administers the Fund. The Fund has made further disbursements during the financial year and most recently with a focus on COVID-19 assistance.

The Board comprises three independent non-executive directors, one non-executive and two executive directors. The Board, assisted by the Audit Committee and a strong management team, endeavours to uphold the highest standards of corporate governance.

I would like to thank my fellow Board members for their guidance over the past year and especially the management and staff of the Company for their hard work in what has been a very difficult and volatile year. The staff should be especially commended for their hard work and loyalty during what can only be described as a very trying year for the nation as a whole.

Peter L. Bailey
August 2020

STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2020

Notes	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
Revenue	24 092 333	36 578 214	9 290 123	4 711 313
Finance Income	96 209	148 353	44 876	19 108
Other operating income	2 551 892	1 599 839	1 389 856	206 061
Total Income	26 740 434	38 326 406	10 724 855	4 936 482
Operating expenses	(19 914 858)	(21 586 638)	(8 158 589)	(2 780 382)
Operating profit	6 825 576	16 739 768	2 566 266	2 156 100
Finance costs	(117 879)	-	(64 285)	-
Net Monetary Loss	(4 005 274)	-	-	-
Profit before tax	2 720 423	16 739 768	2 501 981	2 156 100
Income tax expense	(2 592 380)	(4 357 407)	(679 833)	(561 239)
Profit for the year	110 043	12 382 361	1 822 148	1 594 861

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

Notes	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
Profit for the year	110 043	12 382 362	1 822 148	1 594 861
Other comprehensive income	-	-	-	-
Total comprehensive income for the year, net of tax	110 043	12 382 362	1 822 148	1 594 861

STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

Notes	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
ASSETS				
Non-current assets				
Equipment	1 357 825	1 144 781	403 124	147 449
Right of Use Asset	1 885 384	-	675 073	-
Equities at fair value through profit or loss	683 013	-	683 013	-
Deferred tax asset	3 926 222	1 144 781	1 789 242	147 449
Current assets				
Trade and other receivables	1 859 221	4 255 601	1 859 221	548 126
Cash and cash equivalents	40 445	4 469 055	40 445	575 619
Tax refundable	-	283 460	-	36 510
Total Assets	1 899 666	9 008 116	1 899 666	1 160 255
5 825 888	10 152 897	3 689 008	1 307 704	
EQUITY AND LIABILITIES				
Equity				
Issued share capital	79 782	79 782	10 276	10 276
Retained earnings	3 840 672	3 730 629	2 302 657	480 509
Total Equity	3 920 454	3 810 411	2 312 933	490 785
Non-current liabilities				
Lease liability	273 245	-	273 245	-
Deferred tax liability	529 359	10 823	-	1 394
Current liabilities				
Lease liability	802 604	10 823	273 245	1 394
Other payables	427 371	-	427 371	-
Income tax payable	352 461	4 144 616	352 461	533 831
Provisions	110 364	2 187 047	110 364	281 694
Total liabilities	1 102 830	6 331 663	1 102 830	815 252
Total Equity & Liabilities	5 825 888	10 152 897	3 689 008	1 307 704

STATEMENT OF CASH FLOWS
For the year ended 31 March 2020

Notes	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
Cash flows from operating activities				
Profit before tax	2 720 423	16 739 768	2 501 981	2 156 100
Adjustments to reconcile profit before tax to net cash flow:				
Depreciation	567 290	396 402	149 145	51 057
Interest income	(95) 209	(123) 982	(44) 876	(15) 969
Finance costs	117 879	-	64 285	-
Movements in provisions	(2 076 683)	(1 057 918)	(171) 330	(136) 261
Non Cash adjustment (IAS29)	(2 427 977)	-	-	-
Amortisation of right of use asset	713 244	-	178 629	-
Fair value loss on listed equities	90 962	-	90 962	-
Profit on sale of equipment	(3 995)	(1 455)	(1 352)	(445)
Operating cash inflows before working capital adjustments:	(423) 086	15 950 815	2 767 444	2 054 482
Change in trade and other receivables	(2 396 380)	(1 540 383)	(1 311) 093	(198) 403
Increase/(decrease) in trade and other payables	(3 792 155)	187 568	(181) 370	24 159
Cash generated from operations	(1 818 861)	14 598 000	1 274 979	1 880 238
Dividend paid	1 909 434	(1 142 949)	1 370 029	810 012
Interest tax paid	(723) 469	(4 586 290)	(460) 215	(590) 719
Income received	96 209	123 892	44 876	15 969
Finance costs	-	-	-	-
Net cash flows from/(used in) operating activities	(2 446 121)	(1 277 257)	859 640	(164) 512
Cash flows from investing activities				
Purchase of equipment: to maintain operating capacity	(780) 334	(819 651)	(404) 820	(105) 572
Purchase of listed equities	(773) 975	-	(773) 975	-
Proceeds from sale of equipment	1 995	3 495	1 352	445
Net cash flows from investing activities	(1 550 314)	(816) 196	(1 127 443)	(105) 127
Cash flows from financing activities				
Repayments - Lease obligations	(432) 175	-	(217) 371	-
Net increase/(decrease) in cash and cash equivalents	(4 428 610)	(2 019 453)	(525) 374	(269) 639
Cash and cash equivalents at beginning of year	4 469 055	6 562 508	575 619	845 258
Cash and cash equivalents at end of year	40 445	4 469 055	40 445	575 619

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

INFLATION ADJUSTED	Share capital (Note 6)		Retained earnings	Total Equity
	Audited 2020 ZWL	Restated 2019 ZWL		
Balance - 1 April 2018	-	-	2 761 219	2 841 001
Profit / Total Comprehensive Income for the year	-	79 782	12 382 359	12 382 359
Dividends paid	-	-	(11 412 949)	(11 412 949)
Balance - 31 March 2019	-	79 782	3 730 629	3 810 411
Balance - 1 April 2019	-	79 782	110 043	110 043
Profit / Total Comprehensive Income for the year	-	79 782	3 840 672	3 920 454
Balance - 31 March 2020	-	79 782	3 840 672	3 920 454

INFLATION ADJUSTED

Share capital (Note 6)	Retained earnings	Total Equity
Balance - 1 April 2018	2 761 219	2 841 001
Profit / Total Comprehensive Income for the year	12 382 359	12 382 359
Dividends paid	(11 412 949)	(11 412 949)
Balance - 31 March 2019	3 730 629	3 810 411
Balance - 1 April 2019	110 043	110 043
Profit / Total Comprehensive Income for the year	3 840 672	3 920 454
Balance - 31 March 2020	3 840 672	3 920 454

HISTORICAL

Share capital (Note 6)	Retained earnings	Total Equity
Balance - 1 April 2018	2 761 219	2 841 001
Profit / Total Comprehensive Income for the year	12 382 359	12 382 359
Dividends paid	(11 412 949)	(11 412 949)
Balance - 31 March 2019	3 730 629	3 810 411
Balance - 1 April 2019	110 043	110 043
Profit / Total Comprehensive Income for the year	3 840 672	3 920 454
Balance - 31 March 2020	3 840 672	3 920 454

Reserve

- Retained earnings
- Description and purpose
- All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

Corporate information

The financial statements of the Company for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 24 June 2020. The Company is a private limited company incorporated and domiciled in Zimbabwe. The registered office is located at:

Block 2, Tendeskia Office Park
Samora Machel Avenue, Eastlea
Harare, Zimbabwe

The principal activity of the Company is the management of client investment portfolios. Imara Capital Zimbabwe (Private) Limited is the parent company. FWA Financial Limited is the ultimate parent company.

Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which comprise the International Accounting Standards Board (IASB), and interpretations approved by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements are presented in ZWL Dollars which is also the Company's functional currency and all values are rounded to the nearest dollar unless otherwise indicated.

The Company adopted IAS 29 "Financial Reporting in Hyperinflationary Economies" as proclaimed by the local accounting regulatory body, Public Accountants and Auditors Board "PAB". The financial statements have been prepared under the current cost basis as per the provisions of IAS 29.

With effect from 1 July 2019, Zimbabwe was considered to be a hyperinflationary economy as the three-year cumulative inflation figure was above 100% (Financial Reporting in Hyperinflationary Economies) requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit adjusted at the statement of financial position date. The same standard discourages the presentation of historical financial statements when inflation adjusted financial statements are presented. However, historical results have been included to allow comparability of results. The Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange have permitted companies in Zimbabwe to present historical results in conjunction with inflation-adjusted results.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date, and that corresponding figures for the previous periods be restated in the same terms to the latest statement of financial position date. The restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) reported on the Reserve Bank of Zimbabwe website. The indices and adjustment factors used to restate the financial statements at 31 March 2020 are as given below:

Index	Conversion Factor
CPI as at 31 March 2018	62.58
CPI as at 31 March 2019	104.38
CPI as at 31 March 2020	810.40

1. REVENUE

	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
Management fee income- Pension funds	18 748 023	30 363 677	7 290 919	3 910 874
Management fee income- Non Pension funds	4 890 521	4 928 236	1 901 874	634 762
Management fee income- Treasury clients	453 789	1 286 301	97 330	165 677
	24 092 333	36 578 214	9 290 123	4 711 313
OTHER OPERATING INCOME:				
Consistency fees	1 916 489	898 115	1 033 227	115 678
Non-member institutions commission	624 052	698 270	347 922	89 938
Profit on disposal of motor vehicles	3 995	3 495	1 392	445
Sundry income	7 356	-	7 355	-
	2 551 892	1 599 840	1 389 856	206 061

NMI commission is a rebate on brokerage fees received from Stockbrokers for all equity trades. The rebate is received because the Company is in a grouping of investors on the ZSE called Non Member Institutions.

OPERATING EXPENSES

	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
Included in operating expenses are:				
Auditor's remuneration	222 486	163 756	110 773	21 092
Depreciation	567 290	396 402	149 145	51 057
Amortisation of Right of use asset	713 244	-	178 629	-
Directors remuneration	2 795 134	2 721 450	1 134 161	350 526
Information technology expenses	1 105 481	839 023	491 340	108 067
Insurance and licences	221 814	203 857	66 927	26 257
Variable lease expenses	222 638	567 270	104 756	73 065
Communications	92 545	85 162	40 906	10 969
Staff costs	6 771 375	14 818 591	3 456 876	1 908 650
Subscriptions	188 389	115 465	105 509	14 672

INCOME TAX

	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
INCOME TAX EXPENSE				
Current income tax charge	2 073 845	4 370 422	709 360	562 916
Deferred income tax relating to origination and reversal of temporary differences	518 535	(13 015)	(29 527)	(1 677)
Income tax expense	2 592 380	4 357 407	679 833	561 239

2. EQUIPMENT

	INFLATION ADJUSTED		HISTORICAL	
	Audited 2020 ZWL	Restated 2019 ZWL	Unaudited 2020 ZWL	Audited 2019 ZWL
Computer equipment	222 486	163 756	110 773	21 092
Furniture & fittings	567 290	396 402	149 145	51 057
	789 776	560 158	259 918	72 149
Cost:				
Balance - 31 March 2018	2 133 003	463 762	2 596 765	819 651
Additions	679 497	140 154	101 571	30 541
Disposals	(27 248)	(1 786)	(29 524)	-
Balance - 31 March 2019	2 785 252	602 130	3 368 812	850 192
Additions	780 334	-	780 334	-
Disposals	(8 971)	-	(8 971)	-
Balance - 31 March 2020	3 536 165	602 130	4 138 295	850 192
Depreciation:				
Balance - 31 March 2018	1 692 408	182 825	1 875 233	417 371
Depreciation charge for the year	338 382	58 020	396 402	105 572
Disposals	(27 248)	(1 786)	(29 524)	-
Balance - 31 March 2019	2 003 042	239 019	2 242 101	522 943
Depreciation charge for the				