Grant Thornton

Purpose Asset Management (Private) Limited

Annual Financial Statements

31 December 2024

NATURE OF BUSINESS:

Portfolio management.

DIRECTORS:

Thorne P. B.	(Chairman)
Gilbert K. R. J.	(Chief Executive Officer)
Biyam S. T.	(Independent Non-Executive Director)
Ncube N.	(Independent Non-Executive Director)
Dube E.	(Non-Executive Director)
Kuona P.	(Managing Director)
Murphy B.	(Independent Non-Executive Director)

SECRETARY:

Chipote S.

REGISTERED OFFICE:

7 Cambridge Road
Avondale
HARARE

AUDITORS:

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

Contents

These annual financial statements are expressed in Zimbabwe Dollars (ZWG).

Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements for the year ended 31 December 2024

It is the Directors' responsibility to ensure that the annual financial statements fairly present the state of affairs of Purpose Asset Management (Private) Limited. The external auditors are responsible for independently reviewing and reporting on the annual financial statements.

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

The annual financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

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

The Company's annual financial statements which are set out on pages **7 to 44** were, in accordance with their responsibilities, approved by the Board of Directors on ...30 April... 2025 and are signed on its behalf by:

....	....
Thorne P.B.	Gilbert K.R.J.
Chairman	**Chief Executive Officer**

These annual financial statements were prepared under the supervision of:

....

Stanley Chipote
Accountant
Purpose Asset Management (Private) Limited

Chairman's Statement

Operating Environment

The Zimbabwean economy faced several obstacles during 2024, which significantly shaped its performance and market dynamics. In April, the ZWG (Zimbabwe Gold) currency was introduced to address macroeconomic instability; however, public confidence in the new currency remained limited. Economic growth slowed to 2%, reflecting the challenges in the operating environment. There was increased use of the U.S. dollar, signaling shifts in currency preferences. Additionally, an El Niño-induced drought shifted focus toward food security, reducing disposable and investable income.

Efforts to tighten money supply helped control inflation, with month-on-month inflation for the ZWG ending the year at 3.7%. The Zimbabwe Stock Exchange (ZSE) achieved a strong return of 117.58%, reaching 217.58 points in nine months post-currency conversion. However, trading activity declined during the third and fourth quarters due to liquidity challenges. Despite these hurdles, Purpose Asset Management demonstrated resilience, managing to stay afloat amidst constrained liquidity, reduced consumer spending, and diminished confidence, which created a demanding environment for businesses.

Financial results

Purpose Asset Management achieved an inflation-adjusted operating profit of ZWG 3.2 million for the year, compared to a restated 2023 operating profit of ZWG 2.1 million. Its historical cost profit for the year closed at ZWG 3.071 million, up from restated ZWG 1.9 million in 2023.

The historical profit after tax stood at ZWG 2.1 million, compared to ZWG 1.2 million in 2023.

Outlook

The outlook for 2025 reflects optimism, with economic growth targeted at 6%, offering significant opportunities for business expansion. Improved rainfall is expected to enhance food security and boost foreign currency earnings from tobacco exports, leading to a healthier cash flow in the economy and increasing the potential for investment. We anticipate that inflation remains contained, setting the stage for a more stable and promising year ahead.

Appreciation

On behalf of the Board and Shareholders, I am grateful to our valued customers and other stakeholders for their continued support and to our management and staff for their hard work in such a challenging environment. Our collective efforts will deliver a brighter future.

INDEPENDENT AUDITOR'S REPORT

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To the members of Purpose Asset Management (Private) Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the financial statements of Purpose Asset Management (Private) Limited set out on pages **7 to 44**, which comprise of statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Purpose Asset Management (Private) Limited as at 31 December 2024, and its financial performance and its cashflows for the year then ended, in accordance with the 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 the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our responsibility in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 judgement 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

Report on other legal and regulatory requirements

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

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

Grant Thornton

Edmore Chimhowa
Partner
Registered Public Auditor (PAAB No: 0470)

30 April 2025

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditor
HARARE

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Notes	Inflation adjusted 2024 ZWG	Inflation adjusted 2023 ZWG	Historical cost 2024 ZWG	Historical cost 2023 ZWG
Net fee and commission income	3	6 399 141	3 951 071	6 017 622	3 515 454
Gain/Loss from fair value adjustment of listed securities	8	317 564	(135 318)	82 189	(120 399)
Other operating income	4	1 255 660	4 722 119	1 182 104	4 201 492
Total income		7 972 365	8 537 872	7 281 915	7 596 547
Operating expenditure	5.1	(4 758 685)	(6 395 186)	(4 210 561)	(5 690 099)
Profit from operations		3 213 680	2 142 686	3 071 354	1 906 448
Monetary gain/(loss)		67 885	(10 645)	-	-
Profit before taxation	5	3 281 565	2 132 041	3 071 354	1 906 448
Income tax expense	6	(887 209)	(768 174)	(887 209)	(683 480)
Profit for the year		2 394 356	1 363 867	2 184 145	1 222 968
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		2 394 356	1 363 867	2 184 145	1 222 968

Statement of financial position
as at 31 December 2024

		Inflation adjusted		Historical cost	
		2024	2023	2024	2023
	Notes	ZWG	ZWG	ZWG	ZWG
ASSETS					
Non current assets					
Property and equipment	7	504 211	324 407	448 819	288 639
Financial assets designated at fair value through profit or loss	8	489 241	171 677	234 938	152 749
Other Investments	11	3 095 820	-	3 095 820	-
Deferred tax asset	16	35 441	-	40 869	-
		4 124 713	496 084	3 820 446	441 388
Current assets					
Prepayments	9	252 158	127 792	252 158	113 703
Short term investments	10	2 571 501	2 605 354	2 571 501	2 318 106
Cash and cash equivalents	12	69 301	2 069	69 301	1 842
		2 892 960	2 735 215	2 892 960	2 433 651
Total assets		7 017 673	3 231 299	6 713 406	2 875 039
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	2 932	2 932	2 609	2 609
Share premium		239 378	239 378	212 986	212 986
Non-distributable reserve	14	(1 899 522)	26 166	(1 690 094)	23 281
Other reserves	15	129 361	129 361	115 099	115 099
Retained earnings		4 369 089	2 203 373	3 946 233	1 969 916
Total equity		2 841 238	2 601 210	2 586 833	2 323 891
Non Current Liabilities					
Shareholder's Loan	11	3 095 820	-	3 095 820	-
Deferred tax liability	16	-	49 232	-	43 804
		3 095 820	49 232	3 095 820	43 804
Current Liabilities					
Current tax liability	6.2	733 093	462 898	683 231	402 392
Trade and other payables	17	347 522	117 959	347 522	104 952
		1 080 615	580 857	1 030 753	507 344
Total liabilities		4 176 435	630 089	4 126 573	551 148
Total equity and liabilities		7 017 673	3 231 299	6 713 406	2 875 039

Thorne P.B.
Chairman

Gilbert K. R. J.
Chief Executive Officer

Statement of changes in equity
for the year ended 31 December 2024

	INFLATION ADJUSTED					
	Share capital	Share premium	Non-distributable reserve	Other reserve	Retained earnings	Total
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Balance as at 1 January 2023	2 932	239 378	26 166	129 361	902 915	1 300 752
Dividend paid	-	-	-	-	(63 409)	(63 409)
Profit for the year	-	-	-	-	1 363 867	1 363 867
Balance as at 31 December 2023	2 932	239 378	26 166	129 361	2 203 373	2 601 210
Balance as at 1 January 2024	2 932	239 378	26 166	129 361	2 203 373	2 601 210
Effects of changes in functional currency	-	-	(1 925 688)	-	-	(1 925 688)
Dividend paid	-	-	-	-	(228 640)	(228 640)
Profit for the year	-	-	-	-	2 394 356	2 394 356
Balance as at 31 December 2024	2 932	239 378	(1 899 522)	129 361	4 369 089	2 841 238

Statement of changes in equity
for the year ended 31 December 2024

	Historical cost					
	Share capital	Share premium	Non-distributable reserve	Other reserve	Retained earnings	Total
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Balance as at 1 January 2023	2 609	212 986	23 281	115 099	803 366	1 157 341
Dividend paid	-	-	-	-	(56 418)	(56 418)
Profit for the year	-	-	-	-	1 222 968	1 222 968
Balance as at 31 December 2023	2 609	212 986	23 281	115 099	1 969 916	2 323 891
Balance as at 1 January 2024	2 609	212 986	23 281	115 099	1 969 916	2 323 891
Effects of changes in functional currency	-	-	(1 713 375)	-	-	(1 713 375)
Dividend paid	-	-	-	-	(207 828)	(207 828)
Profit for the year	-	-	-	-	2 184 145	2 184 145
Balance as at 31 December 2024	2 609	212 986	(1 690 094)	115 099	3 946 233	2 586 833

Statement of cash flows
for the year ended 31 December 2024

		Inflation adjusted		Historical cost	
		2024	2023	2024	2023
	Notes	ZWG	ZWG	ZWG	ZWG
Cash flows from operating activities					
Profit before taxation		3 281 565	2 132 041	3 071 354	1 906 448
Adjustment for non cash items:					
Monetory loss		(67 885)	(10 645)	-	-
Unrealised exchange gain		(452 254)	-	(402 392)	-
Loss on disposal of fixed asset		-	229	-	204
Depreciation	7	70 350	16 920	62 594	15 055
Unrealised gains on listed securities	8	(317 564)	135 318	(82 189)	120 399
Operating cash flows before changes in working capital		2 514 212	2 273 863	2 649 367	2 042 106
Net effect of changes in working capital	18	139 050	(1 783 252)	(149 280)	(1 586 644)
Cash flows generated from / (utilised in) operating activities		2 653 262	490 611	2 500 087	455 462
Tax paid	6.2	(288 651)	(300 245)	(288 651)	(267 142)
Dividend paid		(228 640)	(63 409)	(207 828)	(56 418)
Net cash flows generated from / (utilised in) operating activities		2 135 971	126 957	2 003 608	131 902
Cashflows from investing activities					
Purchase of property & equipment	7	(250 380)	(153 724)	(222 774)	(137 024)
Cash flows utilised in investing activities		(250 380)	(153 724)	(222 774)	(137 024)
Cashflows from financing activities					
Effects of foreign currency translation		(1 925 688)	-	(1 713 375)	-
Shareholders loan repayment					
Net cashflows utilised in financing activities		(1 925 688)	-	(1 713 375)	-
Net (decrease)/increase in cash and cash equivalents		(40 097)	(26 767)	67 459	(5 122)
Cash and cash equivalents at the beginning of the year		2 069	7 827	1 842	6 964
Effects of inflation on cash and cash equivalents		107 329	21 009	-	-
Cash and cash equivalents at end of the year	12	69 301	2 069	69 301	1 842

Notes to the financial statements
for the year ended 31 December 2024

1 Nature of Operations

Purpose Asset Management (Private) Limited is a asset management company. The address of its registered office and place of principal business is 7 Cambridge Road Avondale.

1.1 Basis of preparation

The principal accounting policies set out below have been consistently followed in all material respects and comply with International Financial Reporting Standards.

1.2 Background

On 5 April 2024, the Zimbabwean government implemented the replacement of the Zimbabwean Dollar (ZWL) currency with the Zimbabwe Gold currency (ZWG) as stated in the Monetary Policy Statement and Statutory Instrument 60 of 2024. During the transition, all balances denominated in ZWL were required to be converted to ZWG at the initial conversion rate of 2,498.7242. On the 25th of June 2024, the RBZ advised that the World Bank ISO 4217 Committee approved the request to change the Zimbabwean Currency code from ZWL to ZWG (Zimbabwe Gold).

Step 1 : IAS29 Restatement

IAS 29 requires that amounts in the Statement of Financial Position that are not already expressed in terms of the measuring unit current at the end of the reporting period, are restated by applying a general price index.

In summary the following restatement principles were applied :

o non-monetary assets and liabilities are restated by applying the change in the index from the date of acquisition.

o Prepayments shall be restated by applying the change in the general price indexes from date of prepayment.

o monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period. Monetary items are money held and items to be received or paid in money.

o all items in the statement of comprehensive income shall be expressed in terms of the measuring unit current at the period ended 5 April 2024 by restating all amounts on a month on month basis. This would be achieved by making use of monthly conversion factors.

o a gain or loss on the net monetary position is included in profit or loss. The gain or loss on the net monetary position may be derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of comprehensive income and the adjustment of index linked assets and liabilities.

o Deferred tax computation was restated by applying the change in the index from the last audited financial statements (Inflation adjusted) as at 31 December 2023.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

1 Nature of operations (continued)

1.2 Background (continued)

Step 2 : Conversion of ZWL Balances to ZWG

The restated amounts were converted to ZWG at the initial conversion rate of ZWG 2 498.7242

1.3 Overall considerations

The principal accounting policies set out below have been consistently followed in all material respects and comply with International Financial Reporting Standards.

These financial statements are presented in Zimbabwe Gold ZWG being the functional and reporting currency of the company. The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements are based on statutory records that are maintained under the Historical cost convention as modified by the revaluation of property, plant and equipment and investment property.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described below:

1.4 Critical judgements and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1.5 IAS 29 'Financial Reporting in Hyper -Inflationary Economies'

The Company adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Reserve Bank Of Zimbabwe of the new ZIG currency. The conversion factors used to restate the financial statements at 31 December 2024 are as follows:

Date	Index	Conversion Factor
30 April 2024	100	1.12
31 December 2024	112	1.00

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies

2.1 New standards, amendments and interpretations effective for the first time for 31 December 2024 year ends that are relevant to the Company

2.1.1 Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020 the IASB published 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' which clarify the Standard's guidance on whether a liability should be classified as either current or non-current. IAS 1 requires an entity that has an unconditional right to delay settlement of a liability for at least 12 months from the end of the reporting period, then it can be classified as non-current, if not it is classified as current. Some preparers have found this statement confusing and consequently similar liabilities have been classified differently, making comparisons by investors difficult. The IASB therefore issued amendments to IAS 1 to clarify its previously issued guidance and rectify the above issue.

The amendments include clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. The IASB further stated that management's expectations around whether they will defer settlement or not does not impact the classification of the liability. Further guidance about lending conditions and how these can impact classification, including requirements for liabilities that can be settled using an entity's own instruments was also included in the ammendments. The amendment is effective for annual reporting periods beginning on or after 1 January 2024.

2.1.2 Non-current Liabilities with Covenants (Amendments to IAS 1)

On 31 October 2022, the IASB issued amendments 'Non-current liabilities with covenants' to IAS 1, 'Presentation of financial statements'. These amendments were in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after 2023. The IASB wants these amendments to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt. The amendments affect entities with borrowing arrangements so therefore the impact could be widespread. These amendments could have a significant impact on an entity's presentation of their borrowings which in turn could impact important financial ratios. 'The amendments state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements. The amendment is effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

2.1.3 IAS 21 - Lack of Exchangeability (Amendments to IAS 21)

'In August 2023, the IASB issued "Lack of Exchangeability (Amendments to IAS 21)" to address situations where a currency cannot be exchanged into another, clarifying how to assess exchangeability and determine exchange rates when it's lacking, and providing additional disclosure requirements.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.1 New standards, amendments and interpretations effective for the first time for 31 December 2024 year ends that are relevant to the Company (continued)

2.1.3 IAS 21 - Lack of Exchangeability (Amendments to IAS 21)

The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements. Introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability. Provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable. The additional disclosure requirements provide useful information about the additional level of estimation uncertainty, and risks arising for the entity due to the lack of exchangeability. The amendments are effective for accounting periods beginning on or after 1 January 2025.

2.2 Interest income

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

2.3 Fee and commission income

Fee and commission income arise on financial services provided by the Company including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions.

2.4 Net operating income

Net operating income includes gains and losses arising from disposal and changes in the fair value of financial assets and liabilities held for trading.

2.5 Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

2.6 Taxation

Income tax on the accounting profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.6 Taxation (continued)

2.2.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantially enacted at the statement of financial position date and any adjustments to tax payable in respect of previous years.

2.2.2 Deferred taxation

Deferred income tax is provided for, using the balance sheet approach, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax asset or liability.

Under this method the Company is required to make provision for deferred income taxes on the revaluation of certain non-current and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Provision for taxes, mainly withholding taxes, which could arise on remittance of retained earnings, principally to subsidiaries, is only made where there is a current intention to remit such earnings. The principal temporary differences arise from depreciation on property and equipment, revaluations of certain non-current assets, provisions for pensions and other post retirement benefits and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be made against which the unused tax losses can be utilised.

2.7 Property and equipment

Property and equipment is initially recorded at cost. Land and buildings are subsequently shown at fair value, based on valuations by external independent values, less subsequent depreciation for property. All other property and equipment is stated at Historical cost or valuation less accumulated depreciation.

2.7.1 Depreciation

The depreciation rate are as follows:

Asset	Rate
Furniture and fittings	20%
Motor vehicles	20%

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.7 Property and equipment (continued)

2.7.1 Depreciation (continued)

Asset	Rate
Computers	20%
Software	10%
Office equipment	10%
Property	2.5%

2.7.2 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

2.8 Financial instruments

2.8.1 Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.8.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

2.8.2 Classification and initial measurement of financial assets (continued)

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

2.8.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

2.8.3 Subsequent measurement of financial assets (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

The company accounts for financial assets at FVOCI if the assets meet the following conditions:

• they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and;
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

2.8.4 Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables). The company's AFS financial assets include listed equity securities and debentures.

All AFS financial assets were measured at fair value. Gains and losses were recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

2.8.5 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

2.8.5 Impairment of financial assets (continued)

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
• 'Stage 3' would cover financial assets that have objective evidence of impairment '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

2.8.6 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below:

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.8.7 Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

2.8.7 Trade and other receivables (continued)

These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

2.8.8 Repurchase agreements

The Company enters into purchases (sales) of the investments under agreements to resell (repurchase) identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers. The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest.

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

Credit risk

The Company's credit exposure, at the reporting date, from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as reported on the statement of financial position date. The credit risk on liquid funds and derivative financial instruments is limited because counterparties are banks with high credit-ratings. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.8 Financial instruments (continued)

2.8.8 Repurchase agreements (continued)

Fair values

The carrying amount of accounts receivable, cash and short term deposits, accounts payable and short term loans approximate to their fair values due to the short term nature of these assets and liabilities.

2.9 Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

• The party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;
• The Company and the party are subject to common control;
• The party is an associate of the Company or a joint venture in which the Company is a venturer;
• The party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
• The party is a close family member of a party referred to in 1.8.1 or is an entity under the control, joint control or significant influence of such individuals; or
• The party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.
• Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2.10 Employee benefits

2.10.1 National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Act of 1989. The company's obligation under the scheme is limited to specific contributions as legislated from time to time, which are presently three per cent of pensionable emoluments.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.10 Employee benefits (continued)

2.10.1 National Social Security Authority Scheme (continued)

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

2.11 Investments

Marketable securities are carried at market value. Market value is calculated by reference to Stock Exchange quoted selling prices at the close of business on the statement of financial position date.

Fixed asset investments excluding marketable securities are shown at cost and provision is only made where, in the opinion of the directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

Increases in the carrying amount of marketable securities classified as long-term assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same marketable security are charged against revaluation and other reserves; all other decreases are charged to the income statement. Increases in the carrying amount of marketable securities classified as current assets are recognised through the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised through the statement of comprehensive income. On disposal of a marketable security classified as long term asset, amounts in revaluation and other reserves relating to that marketable security are transferred to retained earnings.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

2 Significant accounting policies (continued)

2.12 Provisions (continued)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.13 Accounting estimates and assumptions

The Company makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Critical accounting estimates and judgements

2.13.1 Current and deferred tax

The Company is subject to income tax; significant judgement is required in determining the provision. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax assessment based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Where the actual final outcome (on the judgement areas) differs from management estimates, the Company will need to increase the income and deferred tax liability if unfavourable or decrease the income and deferred tax liability if favourable.

2.13.2 Property and equipment

Items of property and equipment are depreciated over their estimated useful lives taking into account residual values where appropriate. The useful lives and the residual values are re-assessed annually and may vary due to factors such as technological innovation and maintenance programmes in place.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

		Inflation adjusted		Historical cost	
		2024	2023	2024	2023
		ZWG	ZWG	ZWG	ZWG
3	**Net fee and commission income**				
	Management fees	76 692	262 790	71 394	233 817
	Interest income	6 322 449	3 688 281	5 946 228	3 281 637
		6 399 141	3 951 071	6 017 622	3 515 454
4	**Other operating income**				
	Other income	1 255 660	4 722 119	1 182 104	4 201 492

Other operating income is derived from the sale of foreign exchange gain/loss, advisory fee and commission earned on pension fund portfolios held in the year 2024.

5 Profit before taxation

Included in profit before tax are the following expenses:

5.1 Operating expenses				
Accounting and audit fees	111 122	70 764	107 138	62 962
Business promotion	349 967	340 876	333 490	303 293
Directors' remuneration	107 166	119 063	99 955	105 936
Depreciation	66 902	16 919	61 892	15 054
Loss on disposal of fixed asset	-	229	-	204
Staff costs (see **note 5.2**)	2 214 463	1 730 757	1 813 337	1 539 936
Subscriptions	84 647	64 609	79 057	57 486
Other operating expenses	1 824 418	4 051 969	1 715 692	3 605 228
	4 758 685	6 395 186	4 210 561	5 690 099
5.2 Staff costs				
Salaries and allowances	371 879	261 729	356 123	232 873
Staff bonus	119 593	66 926	117 009	59 547
Medical aid contributions	475 982	633 848	448 420	563 964
Profit share	165 457	210 277	157 247	187 093
NSSA	29 897	15 566	28 511	13 850

Notes to the financial statements
for the year ended 31 December 2024 (continued)

	Inflation adjusted		Historical cost	
	2024	2023	2024	2023
5.2 Staff costs (continued)	ZWG	ZWG	ZWG	ZWG
Zimbabwe Development fund	10 017	4 883	9 601	4 345
Hardship Allowance	310 668	168 197	296 761	149 653
Leave Pay expense	315 065	45 189	156 259	40 207
Standard development levy	162 454	2 356	4 258	2 096
Staff welfare	898	8 799	844	7 829
Staff meals	252 553	312 987	238 304	278 479
	2 214 463	1 730 757	1 813 337	1 539 936
6 Income tax				
Current tax	971 882	730 290	971 882	649 773
Deferred tax	(84 673)	37 884	(84 673)	33 707
	887 209	768 174	887 209	683 480
6.1 Tax reconciliation:				
Profit before tax	3 281 565	2 132 041	3 071 354	1 906 448
Notional tax thereon at a rate of 25.75% & 24.72%	845 003	527 041	790 874	471 274
Non deductible items	165 533	279 833	208 450	246 639
Non-taxable	(123 327)	(38 700)	(112 115)	(34 433)
	887 209	768 174	887 209	683 480
6.2 Tax payable				
Opening balance	462 898	22 210	402 392	19 761
Tax due	569 490	730 290	569 490	649 773
Tax paid	(288 651)	(300 245)	(288 651)	(267 142)
Effects of inflation	(10 644)	10 644	-	-
Closing balance	733 093	462 898	683 231	402 392

Notes to the financial statements
for the year ended 31 December 2024 (continued)

7 Property and equipment

	INFLATION ADJUSTED					
	Furniture and fittings ZWG	Motor vehicles ZWG	Computers ZWG	Office equipment ZWG	Software ZWG	Total ZWG
Year ended 31 December 2023						
Opening carrying amount	789	80 027	104 146	2 587	54	187 603
Additions	-	-	153 724	-	-	153 724
Depreciation charge for the year	-	(2 306)	(14 507)	(97)	(10)	(16 920)
Closing carrying amount	789	77 721	243 363	2 490	44	324 407
As at 31 December 2023						
Cost/ valuation	7 078	97 958	294 213	12 124	54	411 427
Accumulated depreciation	(6 289)	(20 237)	(50 850)	(9 634)	(10)	(87 020)
Carrying amount	789	77 721	243 363	2 490	44	324 407
Year ended 31 December 2024						
Opening carrying amount	789	77 721	243 363	2 490	44	324 407
Additions	-	-	250 380	-	-	250 380
Disposals	-	-	(226)	-	-	(226)
Depreciation charge for the year	(789)	(14 415)	(54 689)	(453)	(4)	(70 350)
Closing carrying amount	-	63 306	438 828	2 037	40	504 211
As at 31 December 2024						
Cost/ valuation	7 078	97 958	544 367	12 124	54	661 581
Accumulated depreciation	(7 078)	(34 652)	(105 539)	(10 087)	(14)	(157 370)
Carrying amount	-	63 306	438 828	2 037	40	504 211

Notes to the financial statements
for the year ended 31 December 2024 (continued)

7.1 Property and equipment

	Historical cost					
	Furniture and fittings ZWG	Motor vehicles ZWG	Computers ZWG	Office equipment ZWG	Software ZWG	Total ZWG
Year ended 31 December 2023						
Opening Carrying amount	702	71 204	92 664	2 301	48	166 919
Additions	-	-	137 024	-	-	137 024
Disposals	-	-	(249)	-	-	(249)
Depreciation charge for the year	-	(2 052)	(12 908)	(86)	(9)	(15 055)
Closing carrying amount	702	69 152	216 531	2 215	39	288 639
As at 31 December 2023						
Cost/ valuation	6 298	87 158	261 775	10 787	48	366 066
Accumulated depreciation	(5 596)	(18 006)	(45 244)	(8 572)	(9)	(77 427)
Carrying amount	702	69 152	216 531	2 215	39	288 639
Year ended 31 December 2024						
Opening Carrying amount	702	69 152	216 531	2 215	39	288 639
Additions	-	-	222 774	-	-	222 774
Disposals	-	-	(202)	-	-	(202)
Depreciation charge for the year on disposals	-	-	202	-	-	202
Depreciation charge for the year	(702)	(12 826)	(48 659)	(403)	(4)	(62 594)
Closing carrying amount	-	56 326	390 646	1 812	35	448 819
As at 31 December 2024						
Cost/ valuation	6 298	87 158	484 347	10 787	48	588 638
Accumulated depreciation	(6 298)	(30 832)	(93 701)	(8 975)	(13)	(139 819)
Carrying amount	-	56 326	390 646	1 812	35	448 819

Notes to the financial statements
for the year ended 31 December 2024 (continued)

	Inflation adjusted		Historical cost	
	2024	2023	2024	2023
	ZWG	ZWG	ZWG	ZWG
8 Financial assets designated at fair value through profit or loss				
Opening balance	171 677	306 995	152 749	273 148
Fair value gain/(loss)	317 564	(135 318)	82 189	(120 399)
Closing balance	489 241	171 677	234 938	152 749

Financial assets are made up of listed securities held by the entity. Fair value gain/loss is determined by the movement in share price throughout the year.

9 Prepayments				
Prepayments	252 158	127 792	252 158	113 703

Prepayments include amounts paid for medical aid,subscriptions and insurance.

10 Short term investments				
Money market placements	2 571 501	2 605 354	2 571 501	2 318 106

Short term investments are mostly money market placements made for cash flow management .

11 Other investments				
Treasury bill	3 095 820	-	3 095 820	-

Other investements was undertaken to guarantee financial assistance to the company by one of the shareholders in the form of a Treasury Bill in the event of the company's failure to meet capital requirements prescribed by the regulator SEC. The Treasury Bill of identification number FCTB1095 20220620A was deposited into Purpose Asset Management custodial account at CBZ on 20 March 2024.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

	Inflation adjusted		Historical cost	
	2024	2023	2024	2023
	ZWG	ZWG	ZWG	ZWG
12 Cash and cash equivalents				
For the purposes of the statement of cash flows, cash and cash equivalents comprise of the following:				
Cash on hand	15 810	1 319	15 810	1 174
Cash at bank	53 491	750	53 491	668
	69 301	2 069	69 301	1 842
13 Share capital				
Authorised				
100 000 ordinary shares of ZWG 0.04312 each	4 846	4 846	4 312	4 312
Issued and fully paid				
60 500 ordinary shares of ZWG 0.04312 each	2 932	2 932	2 609	2 609

The unissued shares are under the control of directors for an indefinite period subject to the limitations imposed by the Companies and Other Business Act (Chapter 24:31).

14 Non distributable reserve	26 166	26 166	(1 690 094)	23 281

A non distributable reserve was created to account for the change in functional currency. The reserve is essentially derived from the net valuation of assets and liabilities at the date of change.

15 Other reserves	129 361	129 361	115 099	115 099

The shareholder's injected funds into the company in order to comply with the minimum requirements for liquid capital set by the regulator Securities and Exchange Commission of Zimbabwe.

16 Deferred tax

The gross movement on the deferred income tax account is as follows:				
At 1 January 2024	49 232	11 348	43 804	10 097
Amount charged to profit or loss	(84 673)	37 884	(84 673)	33 707
At 31 December 2024	(35 441)	49 232	(40 869)	43 804

Notes to the financial statements
for the year ended 31 December 2024 (continued)

	Inflation adjusted		Historical cost	
17 Trade and other payables	**2024 ZWG**	**2023 ZWG**	**2024 ZWG**	**2023 ZWG**
Other payables	347 522	117 959	347 522	104 952

Other payables includes leave pay provision and profit share provision.

	Inflation adjusted		Historical cost	
18 Working Capital changes				
Decrease / (increase)in short term investments	33 853	(1 855 226)	(253 395)	(1 650 682)
Increase in prepayments	(124 366)	(21 506)	(138 455)	(19 135)
Increase/ (decrease) in trade and other payables	229 563	93 479	242 570	83 173
	139 050	(1 783 252)	(149 280)	(1 586 644)

19 Borrowings powers

The articles of association provide that the directors of the Company may exercise all the powers of the Company to borrow money and to mortgage or change its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or for any third party.

20 Related party transactions

Related party transactions include transactions between Purpose Asset Management (Private) Limited and its related company as well as key management personnel.

20.1 Related party relationships

Entity	Nature of relationship	Nature of transactions
<u>**Key management personnel:**</u>		
Senior management	Management	Short-term employee benefits Other long term benefits
Vunani Capital Limited	Parent	Investments

There were no related party balances for the year under review.

21 Money Market Investment held at Purpose

Off balance sheet events

In compliance with the Securities and Exchange Commission of Zimbabwe regulations, client funds are kept off balance sheet and are therefore not included in these financial statements.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

21 Money Market Investment held at Purpose (continued)

Off balance sheet events (continued)

	Inflation adjusted		Historical cost	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Assets				
Cash and cash equivalents	13 932 124	18 143 613	13 932 124	16 143 227
Securities held for dealing purposes	127 066 668	97 817 250	127 066 668	87 032 613
Placements with other banks	108 406 355	18 640 868	108 406 355	16 585 658
	249 405 147	134 601 731	249 405 147	119 761 498
Liabilities				
Client deposits	249 405 147	134 601 731	249 405 147	119 761 498

22 Risk Management

Overview

Effective risk management is fundamental to the business activities of Purpose Asset Management. Whilst we remain committed to the objective of increasing shareholder value by developing and growing our business in a way that is consistent with our Board determined risk appetite, we are also cognisant of the need to balance this objective with the interests of both our clients and regulators. We seek to achieve an appropriate balance between risk and reward in our business and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Risk appetite

Risk appetite is an expression of the maximum level of residual risk that the Bank is prepared to accept to deliver its business objectives. The Board establishes the Bank's parameters for risk appetite by:
- providing strategic leadership and guidance.
- reviewing and approving annual budgets and forecasts for the Bank and
- regularly reviewing and monitoring the Bank's performance in relation to risk through quarterly Board reports.

Methodology

Purpose Asset Management (Pvt) Ltd uses semi quantitative risk assessment method to calculate its inherent risk, effectiveness of controls, and the resultant residual risk. Data used to calculate the risks is obtained from various departments. The risk assessment process is a continuous process, and it involves:

Notes to the financial statements
for the year ended 31 December 2024 (continued)

22 Risk Management (continued)

Methodology (continued)

- Risk Identification.
- Assessment, using the 'risk matrix'
- Response, to bring the risk to an acceptable level
- Follow up, to ensure the necessary actions have been completed.
- Periodic Review, to ensure that changes in the exposure are detected and corrected where necessary.

The company's activities and operations result in exposure to the following risks:
1. Investment risk
2. Liquidity risk
3. Market risk
4. Reputational risk
5. Compliance risk
6. Operational risk
7. Capital risk

22.1 Risk Categories and Mitigation

Risk Category	Description	Mitigation
Investment Risk	The risk of failure to meet client's investment performance objectives, risk constraints and other mandate requirements. Trading or pricing clients at non-current or off market rates.	Daily basis market analysis guided as per detailed and documented procedure. Robust segregation of duties and maker checker system in place.
Liquidity Risk	Risk of not being able to generate sufficient funds to meet financial commitments to meet deposit maturities, settle claims and other unexpected demands for funds.	Continuous matching of assets and liabilities carried out.
Market Risk	The risk of losses due to adverse movements in market prices, including interest rates, foreign exchange rates, and equity prices.	Implementing hedging strategies. Setting and monitoring market risk limits.
Reputational Risk	The risk of damage to the bank's reputation, potentially leading to loss of customers, revenue and market value.	Swift response to any incidents that could harm reputation. Strong corporate governance and ethical practices.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

22 Risk Management (continued)

22.1 Risk Categories and Mitigation (continued)

Risk Category	Description	Mitigation
Compliance Risk	The risk of failure to meet client's investment performance objectives, risk constraints and other mandate requirements. Trading or pricing clients at non-current or off market rates.	Regular compliance training for employees. Maintaining a robust compliance program. Continuous monitoring of regulatory changes.
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people, and systems, or external events.	Implementing strong internal controls and procedures. Regular internal audits and risk assessments. Employee training and development.
Capital Risk	The risk of the Banks own capital resources being adversely affected by unfavourable external developments.	Capital adequacy and the use of regulatory capital are monitored. The required information is filed with the Securities and Exchange Commission of Zimbabwe on a quarterly basis.

22.2 Summary risk matrix

Risk Category	Level of inherent risk	Perceived control effectiveness	Overall inherent risk score %
Investment Risk	Low	Good	7.60%
Liquidity Risk	Moderate	Good	10.00%
Market Risk	Moderate	Good	12.00%
Reputational Risk	Low	Good	6.00%
Compliance Risk	Moderate	Good	10.00%
Operational Risk	Moderate	Good	9.25%
Capital Risk	Moderate	Good	10.00%
Overall Risk	**Moderate**	**Good**	**9.26%**

Notes to the financial statements
for the year ended 31 December 2024 (continued)

22 Risk Management (continued)

22.3 Key Perceived control effectiveness

Effectiveness	Category definition	Factor %
Very good	Risk exposure is effectively controlled and managed.	90%
Good	Majority of risk exposure is effectively controlled and managed.	80%
Satisfactory	There is room for some improvement.	65%
Weak	Some of the risk exposure appears to be controlled, but there are major deficiencies.	40%
Unsatisfactory	Control measures are ineffective	20%

22.4 Inherent risk exposure

Inherent risk exposure	Factor %
Extreme	20%
High	15% < 20%
Moderate	10% < 15%
Low	5% < 10%
Insignificant	< 5%

23 Risk management disclosures

23.1 Trading activities

The Company maintains active trading positions in a variety of non-derivative financial instruments. Most of the Company's trading activities are customer-driven. In anticipation of customer demand, the Company carries an inventory of capital market instruments. Positions are also taken in the interest rate, debt and equity markets based on expectations of future market conditions. These activities constitute the proprietary trading business and enable the Company to provide customers with capital market products at competitive prices.

As trading strategies depend on both market-making and proprietary positions given the relationships between instruments and markets, those are managed in concert to maximise net trading income. The Company manages its trading activities by type of risk involved and on basis of the categories of trading instruments held.

23.1.1 Credit risk

The Company's credit exposure at the statement of financial position date from financial instruments held or issued for trading purposes is represented by the fair value of instruments with a positive fair value at that date, as recorded in the statement of financial position.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

23 Risk management disclosures (continued)

23.1 Trading activities (continued)

23.1.1 Credit risk (continued)

The risk that counterparties to trading instruments might default on their obligations is monitored on an on-going-basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of the trading instruments. To manage the level of credit risk, the Company deals with counterparties considered to be of good credit standing.

23.1.2 Market risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognised at fair value, and all changes in market conditions directly affect the net trading income. The Company manages its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

23.1.3 Equity price risk

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments that derive their value from a particular equity investment or index of equity prices. The Company manages its exposure to equity price risk by seeking to maintain a diversified portfolio.

23.2 Non-trading activities

Below is a summary of the various risks the Company is exposed to as a result of its non-trading activities and the approach taken to manage those risks:

23.2.1 Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Company has access to a diverse funding base. Funds are raised using a broad range of instruments including deposits, other liabilities evidenced by paper, and share capital. This enhances funding flexibility, limits dependence on any one source of funding and generally lowers the cost of funds. The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Company continually assess liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Company strategy.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

23 Risk management disclosures (continued)

23.2 Non-trading activities (continued)

23.2.1 Liquidity risk (continued)

In addition the Company holds a portfolio of liquid assets as part of its liquidity risk management strategy.

23.2.2 Market risk -interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Company's business strategies.

Asset-liability risk management activities are conducted in the context of the Company's sensitivity to interest rate changes. In general, the Company is liability-sensitive because its interest-earning assets have a longer duration and reprice less frequently than interest-bearing liabilities. This means that in rising interest rate environments, margins earned will narrow as liabilities reprice. However the actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods. Some assets have indefinite interest rate sensitivities and are not readily matched with specific liabilities. Those assets are funded by liability pool based on the assets' estimated maturities and repricing characteristics.

Part of the Company's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next re-set to market rates or, if earlier, the dates on which the instruments mature.

23.2.3 Credit risk

The Company is subject to credit risk through its trading, lending, and investing activities and cases where it acts as an intermediary on behalf of customers or other third parties. Credit risk associated with trading and investing activities is managed through the Company's market risk management process. The risk that counterparties to financial instruments might default on their obligations is monitored on an on-going basis. To manage the level of credit risk, the Company deals with counterparties considered to be of good credit standing, enters into master netting agreements provide for the net settlement of contract with the same counterparty in the event of a default.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

23 Risk management disclosures (continued)

23.2 Non-trading activities (continued)

23.2.3 Credit risk (continued)

Concentrations of credit risk (whether on or off statement of financial position) that arise from financial instruments exist for Companies of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The major concentrations of credit risk arise by location and type of customer in relation to the Company's investments.

31 December 2024	Amortised Cost	FVTPL	Total
Financial assets designated at fair value	171 677	82 189	253 866
Prepayments	252 158	-	252 158
Short term investments	2 571 501	-	2 571 501
Cash and cash equivalents	69 301	-	69 301
	3 064 637	82 189	3 146 826

24 Anti Money Laundering/Countering of Financing Terrorism (AML/CPF)

24.1 Introduction

Purpose Asset Management is a designated financial institution in terms of the Money Laundering and Proceeds of Crime act (MLPC act). Purpose Asset Management remains committed to combatting financial crime. We continue to abide by Anti-Money Laundering, Counter Terrorist Financing and Counter Proliferation Financing ("AML/CFT/CPF") regulations. We are guided by any relevant market developments, directives and global standards to enhance our financial crime control framework.

As part of effectively managing its exposure to Money Laundering/Terrorist Financing/Proliferation Financing (ML/TF/PF) risks and fulfilling provisions of the MLPC Act, Purpose Asset Management (Pvt) Ltd annually undertakes an Institutional Risk Assessment (IRA) that will enable it to identify, assess and understand its exposure to ML/TF/PF risks, and put in place preventive and detective AML/CFT/CPF controls that will be commensurate with the levels of risks identified. Findings of the IRA guide the company in applying a risk-based approach when implementing AML/CFT/CPF controls.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

24 Anti Money Laundering/Countering of Financing Terrorism (AML/CPF)

24.3 Inherent risk assessment (continued)

Key

Inherent Risk Rating	Numerical Value
Low	1-3
Medium	4-6
High	7-9

25 Capital Adequacy

Purpose Asset Management capital management framework is based on SECZim risk-based capital adequacy approach as provided in the Capital Adequacy Directive for Securities Market Intermediaries of July 2017. As at 31 December 2024 the Adjusted Liquid Capital(ALC) stood at ZWG 7 257 648 (see table 1) against minimum requirements of ZWG 4 994 506 (see table 2), resulting in a surplus of ZWG 2 263 142.

25.1 Table 1-Adjusted Liquid Capital

	2024 ZWG
Ordinary Share Capital	2 609
Share Premium	212 986
Audited Retained Earnings/Losses (Previous Financial Year)	1 969 916
Unaudited Profits/Losses(Current Financial Year)	2 184 145
Dividend paid (Current Financial Year)	(207 828)
Owners Equity	4 161 828
Shareholder's Loans	3 095 820
Total Capital Resources (a)	**7 257 648**
Less : Intangible Assets + Guarantees Provided (b)	-
Available Capital Resources (c) = a - b	**7 257 648**
Less Illiquid Assets (d)	-
Adjusted Liquid Capital (c - d)	**7 257 648**

25.2 Table 2-Capital Requirements

Notes to the financial statements
for the year ended 31 December 2024 (continued)

25 Capital Adequacy (continued)

25.2 Table 2-Capital Requirements (continued)

	2024 ZWG
Requirement -$150 000 Equivalent	3 869 775
Counterparty Risk Requirement (CRR)	1 030 753
Position Risk Requirement (PRR)	93 978
Settlement Risk Requirement (SRR) (c)	-
Other Risks (d)	-
Total Requirement (TR) (a + b + c + d)	**4 994 506**

26 Funds under Management (FUM)

26.1 Table 1-Investment Instrument

	Amount
Equity	127 066 668
Money market	122 338 477
Total	**249 405 145**

Included in Equity Investment is USD 963 000 under Victoria Falls Exchange and in the Money Market is USD 4.6 million.

27 Environmental Sustainability and Governance (ESG)

Purpose Asset Management (PAM) acknowledges the significance of environmental, social, and governance (ESG) matters and the vital role they play in fostering transformation and building a sustainable business environment.

27.1 Environmental

PAM relies on a solar system as the primary source of power at the premises, significantly reducing electricity costs and fuel consumption for the generator. In line with the mandate set by the President of Zimbabwe for a monthly clean-up day, PAM takes pride in cleaning the surroundings every first Friday of the month.

27.2 Social

On 18th of July 2024 PAM took part in the Harare Institute of Technology Portfolio Engineering Challenge, inspiring learners to adopt a culture of saving and to explore investment opportunities in capital markets. This initiative not only educated both learners and lecturers about capital markets but also led to a surge of inquiries from potential customers as a result of the engagement.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

27 Environmental Sustainability and Governance (ESG) (continued)

27.2 Social (continued)

The company donated Six Hundred United States Dollars to Rotary Club for the clearance of books that are to be donated to schools in need of books. This will benefit schools mainly in the rural areas.

27.3 Corporate Governance

During the fourth quarter of 2024, the board engaged with the regulator, SECZim, to receive training on Anti-Money Laundering, Counter-Terrorist Financing, and Counter-Proliferation Financing (AML/CFT/CPF). This training provided a valuable refresher on key topics such as the board's responsibilities in monitoring AML/CFT supervision, Zimbabwe's and international AML/CFT frameworks, and the regulatory expectations for AML/CFT compliance.

The Company consistently upholds exemplary corporate governance standards. It remains compliant with regulatory and corporate governance obligations. Throughout the reporting year, there was adherence to all significant regulatory requirements.

There were no changes to the Board composition during the year under review. The Board continues to play its oversight role over the strategic direction of the Company while ensuring that effective risk management is in place for business continuity.

27.3.1 Governance Structure

Board Members

Peter Thorne	-	Independent non-executive director (chairman)
Kathleen Gilbert	-	Chief Executive Officer
Patrick Kuona	-	Executive Director
Ethan Dube	-	Non-executive Director
Brian Murphy	-	Independent non-executive director
Sij Biyam	-	Independent non-executive director
Nick Ncube	-	Independent non-executive director

27.3.2 Board Committees

The Board Audit Committee

The committee meets four times a year. Members of the committee are - Brian Murphy (Chairman), Ethan Dube, Sij Biyam and Nick Ncube.

The committee's primary function is to independently assess the effectiveness and efficiency of internal control systems, accounting practices, information systems, and auditing procedures.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

27 Environmental Sustainability and Governance (ESG) (continued)

27.3 Corporate Governance (continued)

27.3.2 Board Committees (continued)

Risk and Compliance Committee

The committee meets four times a year. Members of the committee are -Sij Biyam (chairman) ,Ethan Dube, Nick Ncube, Brian Murphy, Patrick Kuona , Kathleen Gilbert and Peter Thorne.

The risk and compliance committee ensures that the company effectively identifies, assesses, and mitigates risks while maintaining compliance with legal and regulatory standards. The committee is also dedicated to combating financial crime and continues to comply with Anti-Money Laundering, Counter Terrorist Financing, and Counter Proliferation Financing (AML/CFT/CPF) regulations.

27.3.3 Meetings Attendance

Director	Board 4 Meetings	Audit & Risk Committee 4 Meetings	Risk & Compliance Committee 4 Meetings	Annual General Meeting 1 Meeting
Peter Thorne	4	4*	4	1
Kathleen Gilbert	4	4*	4	1
Patrick Kuona	4	4*	4	1
Ethan Dube	4	4	4	1
Brian Murphy	4	4	4	1
Sij Biyam	4	4	4	1
Nick Ncube	3	3	3	1

*Invitee

28 Contingent liabilities

There were no contingent liabilities as at 31 December 2024.

29 Capital commitments

There were no capital commitments as at 31 December 2024.

Notes to the financial statements
for the year ended 31 December 2024 (continued)

30 Functional Currency Reassessment

During the year ended 31 December 2024, Purpose Asset Management (Private) Limited initiated a comprehensive review of its functional currency in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates." This reassessment was prompted by significant changes in the economic environment in which the entity operates, including fluctuations in exchange rates, changes in the primary economic environment, and shifts in the currency of the entity's primary transactions.

As of the reporting date, the reassessment process is ongoing. The entity is evaluating various factors to determine the most appropriate functional currency. These factors include:

- The currency that mainly influences sales prices for goods and services.
- The currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- The currency that mainly influences labor, material, and other costs of providing goods or services.
- The currency in which funds from financing activities are generated.
- The currency in which receipts from operating activities are usually retained.

Pending the completion of the reassessment, the financial statements for the year ended 31 December 2024 have been prepared using the existing functional currency. Any changes resulting from the reassessment will be accounted for prospectively from the date of change, as required by IAS 21.

31 Going concern

Management has assessed and concluded that the Company will continue operating as a going concern for the foreseeable future.

32 Events after reporting date

There were no events after reporting period.

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