NATURE OF BUSINESS:

Investing in various entities which are in the mining sector on behalf of the Government of Zimbabwe.

DIRECTORS:

Chimboza P.	(Chairman)
Pasipamire W.	(Vice Chairman)
Chella S.	(Non-executive)
Jaure R.	(Non-executive)
Mandimuka R.	(Non-executive)
Tahwa C.	(Non-executive)

SECRETARY:

Chiparo T.

REGISTERED OFFICE:

6 Constantia Avenue
Strathaven
HARARE

AUDITORS:

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

Contents

These financial statements are expressed in Zimbabwean Dollars (ZWL).

Responsibilities of management and Those Charged with Governance for the Financial Statements for the year ended 31 December 2019

It is the Directors' responsibility to ensure that the financial statements fairly present the state of affairs of the Corporation. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Directors' have assessed the ability of the Corporation to continue as a going concern and believe that the preparation of these 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 Corporation to continue 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 financial statements.

The inflation adjusted 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.

While full compliance with International Financial Reporting Standards has been possible in previous periods; only partial compliance has been achieved for the year ended 31 December 2019. This is because for the period 1 January 2019 to 22 February 2019 it was not possible to comply with the requirements of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange rates".

IFRS Conceptual Framework requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgments, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

In the opinion of the Directors, the requirement to comply with Statutory Instrument (S.I) 33 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework. This has resulted in the adoption of accounting treatment in the current year's financial statements, which deviates from that which would have been applied if the Corporation had been able to fully comply with IFRS.

The Corporation'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 Corporation'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 systems of accounting and internal control are operating in a satisfactory manner.

In light of the current financial position, the Directors' are satisfied that the Corporation is a going concern and have continued to adapt the going concern basis in preparing the financial statements.

The Corporation's financial statements which are set out below on pages 23 to 42 were, in accordance with their responsibilities, approved by the Board of Directors' on......................... 2020 and are signed on its behalf by:

....	....
Chimboza P.	Chitambira B.
Chairman	**General Manager**

Grant Thornton

INDEPENDENT AUDITORS' REPORT

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Zimbabwe

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To the members of Zimbabwe Mining Development Corporation

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of Zimbabwe Mining Development Corporation set out on pages 8 to 42, which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Adverse Opinion

(i) Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019.

The statutory instrument provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 – The Effects of Changes in Foreign Exchange Rates which requires that an assessment be made of the change in functional currency and that financial statements be presented at a rate that approximates the market rate. The Corporation had to be guided by S.I. 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, Zimbabwe Mining Development Corporation maintained its functional currency as the USD from 1 January 2019 to 22 February 2019 using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA and changed to Zimbabwe Dollar as presented in the consolidated financial statements. This constitutes a departure from the requirements of IAS 21 – The Effects of Changes in Foreign Exchange Rates. Had the consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the corporation's inability to comply with IAS 21 has been determined as significant. The effects on the consolidated financial statements of the non-compliance with IAS 21 are considered material and pervasive to the consolidated financial statements, taken as a whole.

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement relating to the application of IAS 29 – Financial Reporting in Hyperinflationary Economies. The PAAB advised that there is broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe had been met. The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019. However, as a result of the need to comply with the requirements of S.I. 33 of 2019, the changes in the general pricing power of the functional currency were applied on amounts that were not translated in terms of IAS 21 – The Effects of Changes in Foreign Exchange Rates for the period 1 January to 22 February 2019. This constitutes a departure from the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies.

Had the Corporation applied the requirements of IAS 21 and IAS 29, many of the elements of the consolidated financial statements would have been materially impacted and therefore the departure from the requirements of these standards is considered to be pervasive. The financial effects on the inflation adjusted consolidated financial statements of this departure have not been determined.

(ii) Non-compliance with International Accounting Standard 28 (IAS 28), Investments in Associates and Joint Ventures and International Financial Reporting Standard 11 (IFRS 11), Joint Arrangements.

IAS 28 and IFRS 11 require a parent to recognize its interests in joint ventures and associates in its separate financial statements at cost or at fair value. Zimbabwe Mining Development Corporation did not recognize its shareholding in Todal Mining (Private) Limited, Zimbabwe Consolidated Diamond Corporation (ZCDC), Golden Kopje (Private) Limited, Global Platinum Resources (Private) Limited and Northridge Platinum. Accordingly, we were unable to determine the extent of the financial impact of non-compliance on the financial statements.

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 Corporation 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 adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter stated below relates to the annual financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue • The amount of revenue and profit recognized was ZWL 20 875 476 which relates to management and resource depletion fees. As revenue recognition is significant to our audit, and it is important that the entity does not inappropriately account for revenue for accounting purposes by overstating or understating revenue.	Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a reasonably possible risk, included: • Testing of controls associated with the recording of revenue. • Tracing recorded revenue to the respective supporting documents to verify that the revenue recorded is complete and accurate. We satisfied ourselves that the Corporation's revenue recognition is appropriate.

Going Concern

Without further qualifying our opinion, we draw attention to **Note 27** to the financial statement which indicates that the Corporation's current liabilities exceeded its current assets by **ZWL 66 730 363** as at 31 December 2019, (2018: **ZWL 66 351 553**). The accumulated loss for the year ended 31 December 2019 was **ZWL 57 512 985** (2018: **ZWL 49 384 587**). This indicates material uncertainty that may cast significant doubt about the ability of the Corporation to continue as a going concern.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Corporation'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 Corporation'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 Corporation 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 entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Corporation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In our opinion, except for the effects of matters referred to in the Basis for Adverse Opinion, the financial statements have been properly prepared in compliance with the requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

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

Edmore Chimhowa
Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton 2020
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2019

		Inflation adjusted		Historical cost	
	Notes	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Revenue	4	20 875 476	3 194 987	16 038 943	514 362
Other income	5	33 988 734	2 800 200	31 230 377	450 805
Administration expenses		(59 109 491)	(25 675 377)	(46 058 752)	(4 133 487)
(Loss)/profitfrom operations	6	(4 245 281)	(19 680 190)	1 210 568	(3 168 320)
Gain on monetary position		362 742 333	-	-	-
Finance costs	7	(4 437 466)	(8 945 992)	(1 728 231)	(1 440 218)
Profit/(loss) before tax		354 059 586	(28 626 182)	(517 663)	(4 608 538)
Taxation	8	(166 182 257)	1 124 608	(7 610 735)	181 051
PROFIT/(LOSS) FOR THE YEAR		187 877 329	(27 501 574)	(8 128 398)	(4 427 487)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit pension plan		-	9 500 267	-	1 529 451
Other comprehensive income for the year, net of tax		-	9 500 267	-	1 529 451
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		187 877 329	(18 001 307)	(8 128 398)	(2 898 036)

Statement of financial position
as at 31 December 2019

	Notes	Inflation adjusted 2019 ZWL	Inflation adjusted 2018 ZWL	Historical cost 2019 ZWL	Historical cost 2018 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	9	4 356 545	4 481 287	686 684	721 444
Intangible assets	10	2 059 881	2 416 060	280 414	388 962
Investment in subsidiaries	11	24	24	4	4
Investment in joint ventures	12	2 944 916	2 944 916	474 103	474 103
Deferred tax	19	20 276 104	186 458 361	22 407 255	30 017 990
Long term receivables -staff debtors	13	77 007	450 661	77 007	72 552
		29 714 477	196 751 309	23 925 467	31 675 055
Current assets					
Inventories	14	340 943	102 571	50 739	16 513
Trade and other receivables	15	225 228	314 826	225 228	50 684
Related party receivables	16.2	39 600 323	24 641 774	39 600 323	3 967 087
Cash and cash equivalents	17	6 478 523	33 077	6 478 523	5 325
		46 645 017	25 092 248	46 354 813	4 039 609
Total assets		76 359 494	221 843 557	70 280 280	35 714 664
EQUITY AND LIABILITIES					
Share capital	18	-	-	-	-
Non distributable reserve		80 385 156	80 385 156	12 941 231	12 941 231
Accumulated loss		(118 877 696)	(306 755 025)	(57 512 985)	(49 384 587)
		(38 492 540)	(226 369 869)	(44 571 754)	(36 443 356)
Non-current liabilities					
Post employment benefit liability	20	1 766 858	10 974 933	1 766 858	1 766 858
Current liabilities					
Bank overdraft	17.1	-	12 803 957	-	2 061 313
Short-term loans	21	17 375 396	99 313 634	17 375 396	15 988 533
Trade and other payables	22	70 877 838	235 490 074	70 877 838	37 911 621
Current income tax payable		15 266 242	30 212 967	15 266 242	4 863 995
Related party payables	16.3	9 565 700	59 417 861	9 565 700	9 565 700
		113 085 176	437 238 493	113 085 176	70 391 162
Total equity and liabilities		76 359 494	221 843 557	70 280 280	35 714 664

....
Chimboza P.
Chairman

....
Chitambira. B
General Manager

Statement of changes in equity
for the year ended 31 December 2019

	Share capital ZWL	Non distributable reserve ZWL	Accumulated loss ZWL	Total ZWL
Inflation adjusted				
Balance as at 1 January 2018	-	80 385 156	(279 253 451)	(198 868 296)
Total comprehensive loss for the year	-	-	(27 501 574)	(27 501 574)
Balance as at 31 December 2018	-	80 385 156	(306 755 025)	(226 369 869)
Balance as at 1 January 2019	-	80 385 156	(306 755 025)	(226 369 869)
Total comprehensive income for the year	-	-	187 877 329	187 877 329
Balance as at 31 December 2019	-	80 385 156	(118 877 696)	(38 492 540)
Historical cost				
Balance as at 1 January 2018	-	12 941 231	(44 957 100)	(32 015 869)
Total comprehensive loss for the year	-	-	(4 427 487)	(4 427 487)
Balance as at 31 December 2018	-	12 941 231	(49 384 587)	(36 443 356)
Balance as at 1 January 2019	-	12 941 231	(49 384 587)	(36 443 356)
Total comprehensive loss for the year	-	-	(8 128 398)	(8 128 398)
Balance as at 31 December 2019	-	12 941 231	(57 512 985)	(44 571 754)

Statement of cash flows
for the year ended 31 December 2019

		Inflation adjusted		Historical	
	Notes	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Cash flows from operating activities					
Profit/(loss) before tax		354 059 586	(28 626 182)	(517 663)	(4 608 538)
Adjustments for non-cash items:					
Depreciation on property, plant and equipment	9	138 345	254 762	42 804	41 014
Depreciation of derecognised assets		(1 081 476)	(716 310)	(194 838)	(115 319)
Amortisation of intangible assets		356 177	674 251	108 548	108 548
Impairment of assets	9	-	2 024 507	-	325 926
Finance costs		4 437 466	8 945 992	1 728 231	1 440 218
Tax movement		-	1 435 379	-	231 082
Net cash generated from/(used in) operations		357 910 098	(16 007 603)	1 167 082	(2 577 069)
Net effect of changes in working capital	23	(334 451 579)	21 000 524	8 908 866	3 380 881
Netgenerated/(cashused) in operations		23 458 519	4 992 921	10 075 948	803 812
Finance costs		(4 437 466)	(8 945 992)	(1 728 231)	(1 440 218)
Net cash generated from/(used in) operating activities		19 021 053	(3 953 071)	8 347 717	(636 406)
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(48 084)	(79 800)	(15 046)	(12 847)
Proceeds on disposal of property, plant and equipment		276 433	724 454	201 840	116 630
Net cash from investing activities		228 349	644 654	186 794	103 783
Net change in cash and cash equivalents		19 249 402	(3 308 415)	8 534 511	(532 623)
Cash and cash equivalents at beginning of the year		(12 770 879)	(9 462 464)	(2 055 988)	(1 523 365)
Cash and cash equivalents at end of the year	17	6 478 523	- (12 770 879)	6 478 523	(2 055 988)

Statement of accounting policies
for the year ended 31 December 2019

1 Nature of business

ZMDC is a corporation established by an Act of Parliament number 31 of 1982 to explore, mine and process minerals. It is 100% owned by the Government of Zimbabwe under the Ministry of Mines and Mining development. Its registered office is 6 Constantia Avenue Strathaven Harare.

1.1 Summary of significant accounting policies

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

1.2 Presentation currency

These financial statements are presented in Zimbabwe Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Corporation operates.

1.3 Basis of preparation

The financial results of the Corporation have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs).The Corporation partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019. 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 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.

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 Statement of compliance

The financial results of the Corporation have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The Corporation partially complied with the International Financial Reporting Standards due to the requirement to comply with Statutory Instrument 33 of 2019

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2 New Standards, amendments and interpretations to existing standards that are effective and have been adopted by the Corporation

IAS 29 'Financial Reporting in Hyperinflationary Economies'

The Corporation adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index(CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors unused to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

Date	Index	Conversion Factor
31-Dec-19	551.6	1
31-Dec-18	88.8	6.211

2.1 Summary of accounting policies

These financial statements have been prepared using the significant accounting policies and measurements bases summarised below:

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of stands the ordinary course of the Corporation's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after eliminating sales within the Corporation. Revenue is recognised as follows:

To determine whether to recognise revenue, the Corporation follows a 5-step process:
1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Corporation satisfies performance obligations by transferring the promised goods or services to its customers.

The Corporation recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position . Similarly, if the Corporation satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

2.2.1 Dividend income

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2.2.2 Management and resource depletion fees

Management and resource depletion fees are recognised when the respective subsidiaries realize revenue for sale transactions concluded.

2.2.3 Revenue from sale of copper reverts

Revenue from sale of copper reverts is recognised when the transaction has been authorized by the Ministry of Mines and Mining Development and when significant risks and rewards of ownership have been transferred to the buyer by signing the sales agreement.

2.2.4 Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and effective interest rate applicable.

2.2.5 Rental income

Rental income is accrued on a straight-line basis, in accordance with the terms and conditions of the lease agreement.

2.3 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.

2.3.1 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.

2.3.2 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 Corporation 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.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2.3.2 Deferred taxation (continued)

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.

2.4 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.

2.4.1 Depreciation

The depreciation rate are as follows:

Asset	**Rate**
Buildings	40 years
Plant and machinery	10 years
Furniture and fittings	10 years
Computer and other equipment	3 years
Motor vehicles	5 years
Kitchen equipment	2 years
Infrastructure and lab equipment	2 years

2.4.2 Impairment

The carrying amounts of the Corporation'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.

2.4.3 Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains and losses are included in profit or loss.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2.4.4 Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and any accumulated impairment losses. The Corporation has accounting software (SAP software system) which is amortised over the period in which benefits are expected to be obtained but not exceeding 10 years.

2.4.5 Inventories

Inventories are initially at cost and subsequently measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Cost of inventory comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

2.5 Financial instruments

2.5.1 Classification

Trading instruments

Trading instruments are those that the Corporation principally holds for the purpose of short term profit making.

Originated loans and receivables

Originated loans and receivables are loans and receivables created by the Corporation providing money to a debtor than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers other than purchased loans as well as bonds purchased at original.

Held-to-maturity assets

Financial assets with fixed or determinable payments and fixed maturity that the Corporation has the intent and ability to hold to maturity. These include certain purchased loans and advances to banks and customers and certain debt investments.

Available-for-sale assets

Financial assets that are not held for trading purposes, originated by the Corporation, or held to maturity. Available-for-sale instruments include money market placements and certain debt and equity investments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2.5.2 Recognition

The Corporation recognises financial assets held for trading and available-for-sale assets on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised. Held-to-maturity loans and originated loans and receivables are recognised on the day they are transferred to the Corporation.

Financial instruments are ordinarily measured at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment.

All non-trading financial liabilities, originated loans and receivables and held to maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the basis of the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

2.5.3 Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the statement of financial position date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the statement of financial position date for an instrument with similar terms and conditions.

2.5.4 Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised in other comprehensive income. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity in transferred to the income statement. Gains and losses arising from a change in the fair value of trading instruments are recognised in the income statement. Held to maturity loans and originated loans and receivables are recognised on the day they are transferred to the Corporation.

2.5.5 Derecognition

A financial asset is derecognised when the Corporation loses control over the contractual rights that comprise the asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished. Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Corporation commits to sell the assets.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2.5.5 Derecognition (continued)

The Corporation uses the specific identification method to determine the gain or loss on derecognition. Held-to-maturity instruments and originated loans and receivables are derecognised on the day they are transferred by the Corporation.

2.5.6 Securities borrowing and lending business.

Investments lent under securities lending arrangements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for assets held for trading or available-for-sale as appropriate. Cash collateral received in respect of securities lent is recognised as liabilities to either banks or customers. Investments borrowed under securities borrowing agreements are not recognised.

Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual over the period of the transactions and are included in the interest income or expense.

2.5.7 Repurchase agreements

The Corporation 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.

2.5.8 Interest rate risk

The Corporation'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 Corporation's business strategies.

2.5.9 Credit risk

The Corporation'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 Corporation has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

2.5.10 Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

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

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

2.6 Related parties

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

2.6.1 The party has the ability, directly or indirectly through one or more intermediaries, to control the Corporation or exercise significant influence over the Corporation in making financial and operating policy decisions, or has joint control over the Corporation;

2.6.2 The Corporation and the party are subject to common control;

2.6.3 The party is an associate of the Corporation or a joint venture in which the Corporation is a venturer;

2.6.4 The party is a member of key management personnel of the Corporation or the Corporation'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;

2.6.5 The party is a close family member of a party referred to in 2.1.1 or is an entity under the control, joint control or significant influence of such individuals; or

2.6.7 The party is a post-employment benefit plan which is for the benefit of employees of the Corporation or of any entity that is a related party of the Corporation.

2.6.8 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.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

3 Employee benefits

3.1 National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Act of 1989. The Corporation'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 Corporation 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.

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.

Post-employment benefits

3.1.1 Defined contribution schemes

The Corporation makes defined pension contributions to National Social Security Authority (NSSA) and the Mining Industry Development Fund (MIPF). These are charged to the profit or loss in the year to which they relate.

3.1.2 Defined benefit plan

The Corporation manages ZMDC Pension Fund as a defined benefit plan. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried at intervals not exceeding three years.

Defined benefit plan surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised in other comprehensive income. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Statement of accounting policies
for the year ended 31 December 2019 (continued)

3.1.3 Defined benefit plan (continued)

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss. Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

3.2 Joint ventures

Investments in equity accounted joint ventures are measured initially at cost and subsequently at cost less impairment losses.

3.3 Subsidiaries

Investments in subsidiaries are measured initially at cost and subsequently at cost less impairment losses.

3.4 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the date of the initial transactions.

3.4.1 Provisions

Provisions are recognised when the Corporation 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.

3.4.2 Critical accounting estimates and judgments

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.

Accounting estimates and assumptions

The Corporation 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:

Statement of accounting policies
for the year ended 31 December 2019 (continued)

3.4.3 Current and deferred tax

The Corporation 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 Corporation 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 Corporation will need to increase the income and deferred tax liability if unfavourable or decrease the income and deferred tax liability if favourable.

Notes to the finacial statements
for the year ended 31 December 2019

	Notes	Inflation adjusted 2019 ZWL	Inflation adjusted 2018 ZWL	Historical cost 2019 ZWL	Historical cost 2018 ZWL
4 Revenue					
Management and resource depletion fees		20 875 476	3 194 987	16 038 943	514 362
5 Other income					
Rental revenue		405 877	393 191	161 021	63 300
Scrap sales		17 950	302 385	3 397	48 681
Other		33 564 907	2 104 624	31 065 959	338 824
		33 988 734	2 800 200	31 230 377	450 805
6 (Loss)/profit from operations					
(Loss)/profit) from operations for the year has been arrived at after charging the following:					
Allowance for credit losses		1 148 226	7 140 964	1 148 226	1 149 626
Amortisation of intangible assets		1 030 429	674 252	108 548	108 548
Audit fees		575 000	186 347	575 000	30 000
Depreciation on property, plant and equipment		138 345	254 761	42 804	41 014
Directors' remuneration	6.1	604 820	739 125	236 286	118 992
Employee benefit expense:	6.2	17 648 924	20 341 994	7 923 036	3 274 864
6.1 Directors' emoluments					
Fees		401 478	703 086	155 561	113 190
Other		203 342	36 039	80 725	5 802
		604 820	739 125	236 286	118 992
6.2 Employee benefit expense					
Contributions to Mining Industry Pension Fund		511 462	1 402 178	199 887	225 737
Contributions to National Social Security Authority		182 305	335 238	68 365	53 970
Salaries and allowances		16 955 157	18 604 578	7 654 784	2 995 157
		17 648 924	20 341 994	7 923 036	3 274 864
7 Finance costs					
Finance costs		(4 437 466)	(8 945 992)	(1 728 231)	(1 440 218)

Notes to the finacial statements
for the year ended 31 December 2019 (continued)

	Inflation adjusted		Historical	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
8 Taxation				
8.1 Income tax				
Current tax	-	-	-	-
Deferred tax	(166 182 257)	1 124 608	(7 610 735)	181 051
	(166 182 257)	1 124 608	(7 610 735)	181 051
8.2 Tax reconciliation:				
Profit/(loss) before tax	354 059 586	(28 626 182)	(517 663)	(4 608 538)
Notional tax thereon at a rate of 25.75%	91 170 343	(7 371 242)	(133 298)	(1 186 699)
Tax effect of:				
Non deductible/taxable items	(7 595 797)	(1 062 659)	(7 601 955)	(171 078)
Non taxable items	7 024	15 823	3 808	2 547
Unrecognised assessed losses	(249 763 828)	9 542 686	120 710	1 536 280
	(166 182 257)	1 124 608	(7 610 735)	181 051

Notes to the finacial statements
for the year ended 31 December 2019 (continued)

9 Property, plant and equipment-Inflation adjusted

	Land ZWL	Buildings ZWL	Mining assets ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Computer equipment ZWL	Cellphone ZWL	Office equipment ZWL	Work in progress ZWL	Total ZWL
Year ended 31 December 2018											
Opening carrying amount	1 919 370	2 495 387	-	12 001	69 743	94 254	38 251	20 647	14 740	2 024 507	6 688 900
Additions	-	-	-	-	-	-	79 800	-	-	-	79 800
Disposals: Cost	-	-	-	-	(508 037)	(191 167)	(21 529)	-	(3 721)	-	(724 454)
Accumulated depreciation	-	-	-	-	505 676	186 160	20 753	-	3 721	-	716 310
Impairment	-	-	-	-	-	-	-	-	-	(2 024 507)	(2 024 507)
Depreciation charge	-	(180 726)	-	(8 678)	-	(19 852)	(21 902)	(13 933)	(9 671)	-	(254 762)
Closing carrying amount	1 919 370	2 314 661	-	3 323	67 382	69 395	95 372	6 715	5 069	-	4 481 287
As at 31 December 2018											
Gross carrying amount-cost	1 919 370	103 621 470	282 452	201 261	1 276 015	727 193	24 628 954	123 871	489 831	2 024 507	135 294 924
Accumulated depreciation	-	(101 306 809)	(282 452)	(197 938)	(1 208 633)	(657 798)	(24 533 582)	(117 156)	(484 762)	(2 024 507)	(130 813 637)
Carrying amount at the end of the year	1 919 370	2 314 661	-	3 323	67 382	69 395	95 372	6 715	5 069	-	4 481 287
2019											
Year ended 31 December 2019											
Opening carrying amount	1 919 370	2 314 661	-	3 323	67 382	69 395	95 372	6 715	5 069	-	4 481 287
Additions	-	-	-	-	-	-	27 993	20 091	-	-	48 084
Disposals: Cost	-	-	-	-	(1 115 957)	-	-	-	-	-	(1 115 957)
Accumulated depreciation	-	-	-	-	1 081 476	-	-	-	-	-	1 081 476
Depreciation charge	-	(95 470)		(233)		(10 241)	(20 463)	(8 564)	(3 374)	-	(138 345)
Closing carrying amount	1 919 370	2 219 191	-	3 090	32 901	59 154	102 902	18 242	1 695	-	4 356 545
As at 31 December 2019											
Gross carrying amount-cost	1 919 370	103 621 470	282 452	201 261	160 057	727 193	24 656 947	143 962	489 831	2 024 507	134 227 050
Accumulated depreciation	-	(101 402 279)	(282 452)	(198 171)	(127 156)	(668 039)	(24 554 045)	(125 720)	(488 136)	(2 024 507)	(129 870 505)
Carrying amount at the end of the year	1 919 370	2 219 191	-	3 090	32 901	59 154	102 902	18 242	1 695	-	4 356 545

Notes to the finacial statements
for the year ended 31 December 2019 (continued)

9 Property, plant and equipment- Historical cost

	Land ZWL	Buildings ZWL	Mining assets ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Computer equipment ZWL	Cellphone ZWL	Office equipment ZWL	Work in progress ZWL	Total ZWL
Year ended 31 December 2018											
Opening carrying amount	309 000	401 733	-	1 932	11 228	15 174	6 158	3 324	2 373	325 926	1 076 848
Additions	-	-	-	-	-	-	12 847	-	-	-	12 847
Disposals: Cost	-	-	-	-	(81 789)	(30 776)	(3 466)	-	(599)	-	(116 630)
Accumulated depreciation	-	-	-	-	81 409	29 970	3 341	-	599	-	115 319
Impairment	-	-	-	-	-	-	-	-	-	(325 926)	(325 926)
Depreciation charge	-	(29 095)	-	(1 397)	-	(3 196)	(3 526)	(2 243)	(1 557)	-	(41 014)
Closing carrying amount	309 000	372 638	-	535	10 848	11 172	15 354	1 081	816	-	721 444
As at 31 December 2018											
Gross carrying amount-cost	309 000	16 682 053	45 472	32 401	205 426	117 071	3 965 023	19 942	78 858	325 926	21 781 172
Accumulated depreciation	-	(16 309 415)	(45 472)	(31 866)	(194 578)	(105 899)	(3 949 669)	(18 861)	(78 042)	(325 926)	(21 059 728)
Carrying amount at the end of the year	309 000	372 638	-	535	10 848	11 172	15 354	1 081	816	-	721 444
Year ended 31 December 2019											
Opening carrying amount	309 000	372 638	-	535	10 848	11 172	15 354	1 081	816	-	721 444
Additions	-	-	-	-	-	-	8 759	6 287	-	-	15 046
Disposals: Cost	-	-	-	-	(201 840)	-	-	-	-	-	(201 840)
Accumulated depreciation	-	-	-	-	194 838	-	-	-	-	-	194 838
Impairment	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(29 095)	-	(45)	(1)	(3 066)	(6 894)	(2 901)	(802)	-	(42 804)
Closing carrying amount	309 000	343 543	-	490	3 845	8 106	17 219	4 467	14	-	686 684
As at 31 December 2019											
Gross carrying amount-cost	309 000	16 682 053	45 472	32 401	4 104	117 071	3 973 782	26 229	78 858	325 926	21 594 896
Accumulated depreciation	-	(16 338 510)	(45 472)	(31 911)	(259)	(108 965)	(3 956 563)	(21 762)	(78 844)	(325 926)	(20 908 212)
Carrying amount at the end of the year	309 000	343 543	-	490	3 845	8 106	17 219	4 467	14	-	686 684

Notes to the finacial statements
for the year ended 31 December 2019 (continued)

	Inflation adjusted ZWL	Historical cost ZWL
10 Intangible assets		
Gross carrying amount		
Balance at 1 January 2019	2 416 058	388 962
Additions	-	-
Closing amount at 31 December 2019	2 416 058	388 962
Amortisation and impairment		
Balance at 1 January 2019	2 416 058	388 962
Amortisation	(356 177)	(108 548)
Closing carrying amount at 31 December 2019	2 059 881	280 414
Gross carrying amount		
Balance at 1 January 2018	3 090 311	497 510
Additions	-	-
Closing amount at 31 December 2018	3 090 311	497 510
Amortisation and impairment		
Balance at 1 January 2018	3 090 311	497 510
Amortisation	(674 251)	(108 548)
Closing carrying amount at 31 December 2018	2 416 060	388 962

The Intangible asset is SAP software which has a useful life of 10 years and is depreciated on a straight line basis.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	Inflation adjusted 2019 ZWL	Inflation adjusted 2018 ZWL	Historical cost 2019 ZWL	Historical cost 2018 ZWL
11 Investment in subsidiaries				
Sandawana Mines (Private) Limited	-	-	-	-
Jena Mines (Private) Limited	-	-	-	-
Kimberworth Investments (Private) Limited	-	-	-	-
Marange Resources (Private) Limited	-	-	-	-
Shabani and Mashava Mines (Private) Limited	-	-	-	-
ZMDC Management Services (Private) Limited	6	6	1	1
Protea Court (Private) Limited	6	6	1	1
Mineral Development (Private) Limited	6	6	1	1
Mining Promotion Corporation	6	6	1	1
	24	24	4	4
12 Investment in joint ventures				
Zimbabwe German Graphite Mine (Private) Limited	2 944 916	2 944 916	474 103	474 103
13 Long term receivables				
Staff housing and other loans	77 007	450 661	77 007	72 552

Other receivables comprise housing loans advanced to employees which are payable over 15 years. The loans attract interest at 6% per annum. The loans are secured against the properties that were acquired by the employees.

	Inflation adjusted 2019 ZWL	Inflation adjusted 2018 ZWL	Historical cost 2019 ZWL	Historical cost 2018 ZWL
14 Inventories				
Consumables	121 172	67 190	45 043	10 817
Diamonds	219 771	35 381	5 696	5 696
	340 943	102 571	50 739	16 513
15 Trade and other receivables				
Trade receivables, gross	653 782	3 950 250	653 782	635 952
Other	719 672	4 027 112	719 672	648 326
	1 373 454	7 977 362	1 373 454	1 284 278
Allowance for credit losses	(1 148 226)	(7 140 964)	(1 148 226)	(1 149 626)
Bad debts	-	(521 572)	-	(83 968)
	225 228	314 826	225 228	50 684

The table below shows the breakdown:

Trade and other receivables	Current	More than 30 days due	More than 60 days due	More than 90 days due	Total
	ZWL	ZWL	ZWL	ZWL	ZWL
Gross Carrying Amount	569 873	392 438	56 874	354 269	1 373 454
Average expected loss rate	60%	100%	100%	100%	84%
Credit losss allowance	344 645	392 438	56 874	354 269	1 148 226

Notes to the financial statements
for the year ended 31 December 2019 (continued)

16 Related party transactions and balances

The Corporation's related parties include companies under common control, key management and others as described below:

Related party	Nature of relationship
Mining Promotion Corporation (Private) Limited	Associate
Zimbabwe German Graphite Mines (Private) Limited	Wholly owned subsidiary
Sandawana Mines (Private) Limited	Subsidiary
Shabani and Mashava Mines (Private) Limited	Subsidiary
Elvington Mine (Private) Limited	Wholly owned subsidiary
Golden Kopje (Private) Limited	Wholly owned subsidiary
Jena Mines (Private) Limited	Wholly owned subsidiary
Kimberworth Investments (Private) Limited	Wholly owned subsidiary
Protea Court (Private) Limited	Wholly owned subsidiary
ZMDC Pension Fund	Wholly owned subsidiary
Wambao Zimbabwe Mining	Joint Venture
Zimbao Mining Ventures (Private) Limited	Joint Venture
Rushchrome Mining (Private) Limited	Joint Venture
Russzim Mining	Joint Venture
Star Mining Resources Private Limited	Joint Venture
Shengxin Mazowe Mining Company	Joint Venture
Mint Minerals (Private) Limited T/A Zimari Nickel	Joint Venture
Maflox Mining (Private Limited T/A Zimari Platinum	Joint Venture
Global Platinum Resources	Joint Venture
Todal Mining (Private) Limited	Joint Venture
Afri Sino Resources (Private) Limited	Joint Venture
Northridge Platinum	Joint Venture
Great Dyke Investments	Joint Venture
Rera Diamonds (Private) Limited	Joint venture
Global Platinum Resources (Private) Limited	Associate
Mr. B. Chitambira	Key management
Mr. J. Maiwasha	Key management
Mr. T. Chiparo	Key management
Mr. G. Chimhina	Key management

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

16 Related party transactions and balances (continued)

The following represent transactions with related parties during the year:

16.1 Transactions with related parties

The following represent transactions with related parties during the year:

Related party	Nature of transactions
Anjin Investments (Private) Limited	Management fees and special depletion fees
Diamond Mining Corporation (Private) Limited	Management fees and special depletion fees
Elvington Mine (Private) Limited	Financing
Golden Kopje (Private) Limited	Financing
Jena Mines (Private) Limited	Management fees
Jinan Mining (Private) Limited	Management fees and special depletion fees
Kimberworth Investments (Private) Limited	Management fees
Kusena Diamonds (Private) Limited	Management fees and Financing
Marange Resources (Private) Limited	Management fees and special depletion fees
Mbada Diamonds (Private) Limited	Management fees and special depletion fees
Mining Promotion Corporation (Private) Limited	Financing
Ministry of Mines and Mining Development	Dividends and special depletion fees
Protea Court (Private) Limited	Rentals
Sandawana Mines (Private) Limited	Financing
Shabani and Mashava Mines (Private) Limited	Financing
Zimbabwe German Graphite Mines (Private) Limited	Financing
ZMDC Pension Fund	Employee pensions

16.2 Related party receivables

	Inflation adjusted		Historical cost	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Marange Resources (Private) Limited	9 578 614	59 498 076	9 578 614	9 578 614
Mbada Diamonds (Private) Limited	7 148 435	44 402 889	7 148 435	7 148 435
Elvington Mine (Private) Limited	6 776 435	40 664 378	6 776 435	6 546 571
Jena Mines (Private) Limited	14 103 545	58 129 671	14 103 545	9 358 314
Protea Court (Private) Limited	97 744	672 469	97 744	108 261
Kimberworth Investments (Private) Limited	10 820 368	67 211 298	10 820 368	10 820 368
Sandawana Mines (Private) Limited	7 612 251	46 059 740	7 612 251	7 415 172
Zimbabwe German Graphite Mines (Private) Limited	752 282	653 723	752 282	105 243
ZMDC Pension Fund	-	-	-	-
Kusena Diamonds (Private) Limited	5 342 854	32 775 568	5 342 854	5 276 549
Shabani and Mashava Mines (Private) Limited	16 812 611	104 432 438	16 812 611	16 812 611
Oldstone (Private) Limited	700 000	4 348 088	700 000	700 000
Anjin Investments (Private) Limited	675 896	4 198 364	675 896	675 896
Mining Promotion Corporation (Private) Limited	2 079 000	12 913 820	2 079 000	2 079 000
Golden Kopje (Private) Limited	19 987	124 150	19 987	19 987
Diamond Mining Corporation (Private) Limited	22 177	137 754	22 177	22 177
Jinan (Private) Limited	42 995	267 066	42 995	42 995
Sub-total	82 585 194	476 489 492	82 585 194	76 710 193

Notes to the financial statements
for the year ended 31 December 2019 (continued)

16 Related party transactions and balances (continued)

16.2 Related party receivables(continued)

	Inflation adjusted		Historical cost	
	2019	2018	2019	2018
	ZWL	ZWL	ZWL	ZWL
Subtotal brought forward	82 585 194	476 489 492	82 585 194	76 710 193
Anmack (Private) Limited	137 412	100 180	137 412	16 128
ZMDC Pension Fund	52 568	-	52 568	-
Bubi	3 805 196	23 869 125	3 805 196	3 842 698
Glassfinish (Private) Limited	40 000 000	248 462 153	40 000 000	40 000 000
	126 580 370	748 920 950	126 580 370	120 569 019
Allowance for credit losses	(86 980 047)	(724 279 176)	(86 980 047)	(116 601 932)
	39 600 323	24 641 774	39 600 323	3 967 087

All amounts are short term. The net carrying value of related party receivables is considered a reasonable approximation of fair value. All related party receivables have been reviewed for indicators of impairment. During the year, a total amount of ZWL 29 621 885 was included in profit and loss as a decrease in the allowance relating to credit losses.

The movement in the allowance for credit losses can be reconciled as follows:

	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Balance 1 January	724 279 176	729 464 184	116 601 932	117 436 668
(Decrease)/increase in allowance for credit losses	(637 299 129)	(5 185 008)	(29 621 885)	(834 736)
Balance 31 December	86 980 047	724 279 176	86 980 047	116 601 932

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	Note	Restated 2019 ZWL	Restated 2018 ZWL	Historical 2019 ZWL	Historical 2018 ZWL
16 Related party transactions and balances (continued)					
16.3 Related party payables					
Diamond Mining Corporation (Private) Limited		9 565 700	59 417 861	9 565 700	9 565 700

16.4 Transactions with key management

Key management are employees who have authority, are responsible for planning, directing and controlling the activities of the Corporation. Key management personnel's remuneration includes the following expenses:

	Restated 2019 ZWL	Restated 2018 ZWL	Historical 2019 ZWL	Historical 2018 ZWL
Short-term employee benefits:				
Salaries	1 397 105	2 596 535	601 730	418 017
Other short-term benefits	2 557 068	2 586 081	1 066 529	416 334
	3 954 173	5 182 616	1 668 259	834 351

17 Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Note	Restated 2019 ZWL	Restated 2018 ZWL	Historical 2019 ZWL	Historical 2018 ZWL
Cash on hand		206	9 225	206	1 485
Cash at bank		6 478 317	23 852	6 478 317	3 840
		6 478 523	33 077	6 478 523	5 325
Bank overdraft	17.1	-	(12 803 957)	-	(2 061 313)
		6 478 523	(12 770 880)	6 478 523	(2 055 988)

17.1 Bank overdraft

	Restated 2019 ZWL	Restated 2018 ZWL	Historical 2019 ZWL	Historical 2018 ZWL
FBC Bank Limited	-	12 803 957	-	2 061 313

Bank overdraft relates to the following secured

FBC Bank Limited
This was a secured overdraft facility for an amount not exceeding USD 1 000 000. The Corporation had exceeded the limit of this overdraft facility. Interest was charged at a rate of 18% per annum. The expiry date of the overdraft facility was 30 October 2015. The Corporation managed to pay the outstanding amount in full in 2019.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	Note	Inflation adjusted 2019 ZWL	Inflation adjusted 2018 ZWL	Historical 2019 ZWL	Historical 2018 ZWL
18 Share capital					
Authorised share capital					
180 000 000 ordinary shares of ZWD 1 each		180 000 000	180 000 000	180 000 000	180 000 000
Issued					
44 000 000 ordinary shares of ZWD 0.00000001 each		-	-	-	-

Subject to the limitations imposed by the Companies Act (Chapter 24:03), the Articles of Association permit the directors to allot the unissued share capital at their discretion.

19 Deferred tax

Deferred tax is arising from temporary differences and are

	Note	Inflation adjusted 2019 ZWL	Inflation adjusted 2018 ZWL	Historical 2019 ZWL	Historical 2018 ZWL
Opening balance at 1 January		(186 458 361)	(186 769 134)	(30 017 990)	(30 068 022)
Movement through other comprehensive income		-	1 435 384	-	231 083
Movement through profit or loss	8.1	166 182 257	(1124 608)	7 610 735	(181 051)
Closing balance at 31 December		(20 276 104)	(186 458 361)	(22 407 255)	(30 017 990)

Reconciliation of deferred tax balance

The deferred tax asset relate to deductible temporary differences recognised from revenue received in advance (customer deposits) as well as deductible temporary difference recognised on provisions for dismantling and rehabilitation costs.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

19 Deferred tax(continued)

	Inflation adjusted		
	Recognised in other comprehensive income ZWL	Recognised in profit or loss ZWL	Total ZWL
Balance at 1 January 2018	2 281 100	(189 050 236)	(186 769 136)
Armotisation	-	296 999	296 999
Fair value adjustment on investments	-	(173 619)	(173 619)
Allowance for credit losses	-	187 396	187 396
Balance at 31 December 2018	2 281 100	(188 739 460)	(186 458 359)
Balance at 1 January 2019	2 281 100	(188 739 460)	(186 458 359)
Accelarated wear and tear	-	(1 036 476)	(1 036 476)
Armotisation	-	(622 135)	(622 135)
Allowance for credit losses	-	208 393 073	208 393 073
Balance at 31 December 2019	2 281 100	17 995 002	20 276 103

	Historical cost		
	Recognised in other comprehensive income ZWL	Recognised in profit or loss ZWL	Total ZWL
Balance at 1 January 2018	367 235	(30 435 257)	(30 068 022)
Armotisation	-	47 814	47 814
Fair value adjustment on investments	-	(27 951)	(27 951)
Allowance for credit losses	-	30 169	30 169
Balance at 31 December 2018	367 235	(30 385 225)	(30 017 990)
Balance at 1 January 2019	367 235	(30 385 225)	(30 017 990)
Accelarated wear and tear	-	(10 931)	(10 931)
Armotisation	-	(27 951)	(27 951)
Allowance for credit losses	-	7 649 618	7649 618
Balance at 31 December 2019	367 235	(22 774 489)	(22 407 254)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

20 Retirement benefits

20.1 ZMDC Pension Fund

Certain eligible employees of the Corporation are members of the ZMDC Pension Fund which is a defined benefit plan administered by Trustees. The Pension Fund is funded by payments from employees and the Corporation taking into account the recommendations of independent qualified actuaries.

The assets and liabilities of the Fund relating to the Corporation cannot be separated from the total for the whole Group. The most recent actuarial valuation carried out on 30 September 2017 for the whole Group fund revealed that the fund was adequately funded:

The principal actuarial assumptions used in the report were as follows:

Valuation rate of interest:	
In preretirement period	8% per annum
In post retirement period	7% per annum
Rate of salary escalation	6% per annum

	Inflation adjusted 2019 ZWL	Inflation adjusted 2018 ZWL	Historical 2019 ZWL	Historical 2018 ZWL
Contributions during the year were as follows:				
Post employment benefit liability				
Present value of obligation	5 178 248	32 164 966	5 178 248	5 178 248
Fair value of plan assets	(3 411 390)	(21 190 033)	(3 411 390)	(3 411 390)
	1 766 858	10 974 933	1 766 858	1 766 858
Reconciliation of defined benefit obligation				
Opening balance	6 707 699	41 665 233	5 178 248	6 707 699
Movement	(1 529 451)	(9 500 267)	-	(1 529 451)
Closing balance	5 178 248	32 164 966	5 178 248	5 178 248
Reconciliation of defined benefit assets				
Opening balance	3 411 390	21 190 033	3 411 390	3 411 390
Movement	-	-	-	-
Closing balance	3 411 390	21 190 033	3 411 390	3 411 390

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	Inflation adjusted		Historical	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
20 Retirement benefits (Continued)				
20.1 ZMDC Pension Fund (Continued)				
Plan assets comprise				
Bonds	100 000	621 155	100 000	100 000
Ordinary shares	376 833	2 340 718	376 833	376 833
Fixed property	1 574 000	9 776 986	1 574 000	1 574 000
Old Mutual Flex Fund	1 536 004	9 540 972	1 536 004	1 536 004
Cash on short notice	200 401	1 244 802	200 401	200 401
Net current and other assets	(375 848)	(2 334 600)	(375 848)	(375 848)
	3 411 390	21 190 033	3 411 390	3 411 390

21 Short term loans

CBZ Bank Limited	10 101 839	56 629 612	10 101 839	9 116 819
FPR	4 273 557	24 049 360	4 273 557	3 871 714
ZCDC	1 000 000	6 211 554	1 000 000	1 000 000
RBZ	2 000 000	12 423 108	2 000 000	2 000 000
	17 375 396	99 313 634	17 375 396	15 988 533

21.1 The short term loans relate to the following facilities:

CBZ Bank Limited
The loan facility with CBZ Bank Limited accrues interest at 13% per annum. It is repayable over 2 years and expires on 31 October 2015. The Corporation has undertaken to deposit all business proceeds through accounts held with CBZ Bank Limited as security for the loan.

FPR
The loan facility with FPR was granted on 15 July 2018 and accrues an interest of 10% per annum and is repayable over 3 years. The purpose of the loan is to assist artisinal miners to increase gold output. The loan will be repaid through gold deposits to FPR from Bubi Milling Centre.

ZCDC
The loan facility was granted to ZMDC by a subdiary ZCDC. The purpose of the loan was to fund the Corporation's working capital. The interest rate for the loan was 10% and there is no tenure of the loan in the loan agreement.

RBZ
The loan was Granted to ZMDC in July 2012, for the purchase of SMM Holdings (UK). There is no interest and repayment period for the loan in the loan agreement.

22 Trade and other payables

Trade	4 553 291	13 563 313	4 553 291	2 183 562
Other	66 324 547	221 926 761	66 324 547	35 728 059
	70 877 838	235 490 074	70 877 838	37 911 621

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	Inflation adjusted		Historical	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
23 Net effect of changes in working capital				
(Increase)/decrease in inventories	(238 372)	7 379	(34 226)	1 188
(Decrease)/increase in trade and other receivables	89 598	(170 103)	(174 544)	(27 385)
(Increase)/decrease in related party receivables	(14 958 549)	(23 502 600)	(35 633 236)	(3 783 691)
(Decrease)/Increase in trade and other payables	(187 927 511)	(2 737 165)	43 368 464	(440 657)
Decrease in related party payables	(49 852 161)	(1 482 865)	-	(238 727)
Decrease in long term receivables	373 654	939 950	(4 455)	151 323
Increase in long term payables	(81 938 238)	47 945 928	1 386 863	7 718 830
	(334 451 579)	21 000 524	8 908 866	3 380 881

24 Post employment benefits

24.1 Mining Industry Pension Fund

Pensions are provided for employees through a separate fund to which the Corporation and employees contribute. The pension fund is a defined contribution plan under which retirement benefits are determined by reference to the pensionable remuneration and years of service.

Contributions for the year	511 462	1 402 178	199 887	225 737

24.2 National Social Security Authority

The Corporation makes contributions to the National Social Security Scheme, a Defined Contribution Pension Scheme promulgated under the National Social Security Act of 1989. The Corporation's obligation under the scheme is limited to specific contributions legislated from time to time. These are presently 3.5% of basic salary per employee per month up to a contribution of ZWL 24.50.

Contributions for the year	182 305	335 238	68 365	53 970

24 Financial Instruments - Risk Management

The Corporation is exposed through its operations to the following financial risks:
1. Credit risk
2. Liquidity risk
3. Interest risk

In common with all other businesses, the Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

24 Financial Instruments - Risk Management (continued)

There have been no substantive changes in the Corporation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Corporation, from which financial instruments risk arise, are as follows:

1. Trade and other receivables
2. Bank and cash balances
3. Available for sale investments
4. Loans and borrowings
5. Trade and other payables
6. Bank overdraft

General objectives, policies and processes

The Board has overall responsibility for the determination of the Corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Corporation's finance function. The Corporation's internal auditors also review the risk management policies and processes and report their findings to the Legal, Risk and Audit Committee.

24.1 Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation is mainly exposed to credit risk from trade and other receivables. The credit risk with respect to trade and other receivables is limited to contractual obligations by debtors. It is Corporation policy, to assess the credit risk of new customers before entering contracts. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 15.

24.2 Liquidity risk management

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Corporation faces, the Corporation's policy has been throughout the year ended 31 December 2018, to maintain substantial unutilised facilities as well as significant liquid resources. Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. The liquidity risk exposure in relation to financial liabilities are set out below.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

25 Management of capital

The Corporation's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders. The capital of the Corporation comprise issued share capital, non distributable reserves, available for sale reserve and retained earnings.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Corporation pays dividends from profits and they are paid if resources are available to do so.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Corporation's capital is made up of the following:

	Inflation adjusted		Historical	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Share capital	-	-	-	-
Non distributable reserve	80 385 153	80 385 153	12 941 231	12 941 231
Accumulated losses	(118 877 696)	(306 755 021)	(57 512 985)	(49 384 587)
	(38 492 543)	(226 369 868)	(44 571 754)	(36 443 356)

26 Contingent liabilities

Legal cases

The Corporation cancelled a joint venture agreement with Amari due to alleged misrepresentations made by Amari. Amari has invoked the dispute resolution clause and referred the matter for arbitration to the International Court of Arbitration in Paris. The International Court of Arbitration in Paris awarded, Amari, USD **48 million** in penalties. The corporation has since applied to the high court and are still awaiting trial.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

26 Contingent liabilities (continued)

Legal cases

Proceedings were instituted in the US courts (the Southern District Court of New York) for a declaratory judgement to have the corporation together with MMCZ, Agribank, ZB bank and ZIMRE Properties declared as alter egoes or instrumentalities of the government of Zimbabwe and therefore liable for an arbitration award of USD 40 million plus interest in favor of Funnekotter and others which the Corporation obtained against the government of Zimbabwe. The award related to Zimbabwe farms that Funnekotter and other Dutch Nationals had been utilising in terms of the agreement involving the Zimbabwe and Dutch governments, despite the said agreements the farms were taken over by Zimbabwe nationals and subsequently gazetted.

An appeal was made by African Consolidated Resources which is still pending at the supreme court against the high court's judgement rescinding an earlier judgement which compelled the corporation to surrender diamond claims in Marange which fall within the claims initially registered in African Consolidated Resources' favor and to account for all diamonds mined there at a value of 129 400 diamond carats.

The ultimate outcome of the above matters cannot presently be determined, and management has not been able to reliably estimate a provision to the extent of the potential financial losses arising from the pending legal case.

Statutory obligations

The Corporation has a significant obligation arising from non remittance of statutory obligations to ZIMRA, MIPF, ZMDC, NSSA, ZIMDEF and Ministry of industry and commerce. Below is a summary of statutory obligations that have been recognised in the statement of financial position:

	Inflation adjusted		History	
	2019 ZWL	2018 ZWL	2019	2018 ZWL
Zimbabwe Revenue Authority	22 670 915	27 053 423	22 670 915	27 053 423
Mining Industry Pension Fund	1 235 641	1 283 964	1 235 641	1 283 964
National Social Security Authority	474 692	494 763	474 692	494 763
Zimbabwe Manpower	221 363	210 511	221 363	210 511
	24 602 611	29 042 661	24 602 611	29 042 661

In cases of non remittance of statutory obligations penalties and interests are chargeable.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

27 Going concern

The Directors have assessed the ability of the Corporation to continue operating as a going concern, and based on the Corporation's vast mineral resources and untapped potential the directors believe that the preparation of these financial statements on a going concern basis is still appropriate.

Net current liability position

At the balance sheet date, the Corporation's current liabilities exceeded its current assets by ZWL 66 730 363 as at 31 December 2019; (2018: ZWL 66 351 553). The accumulated loss for the year ended 31 December 2019 was ZWL 57 512 985 (2018:ZWL 49 384 587).

Litigation cases

The Corporation had litigation claims levelled against it during the year. The value of significant legal cases for Zimbabwe Mining Development Corporation as at 31 December 2019 is as follows:

	Inflation adjusted		Historical	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Cases passed against the corporation	-	-	-	-
Cases pending judgment at the courts	121 599 125	121 771 697	121 599 125	121 771 697
Total value of litigation cases	121 599 125	121 771 697	121 599 125	121 771 697

28 Fair value determination of transactions, assets and liabilities.

The determination of values presented in the financial statements is affected by the prevailing economic environment. The official rate between the US Dollar and ZWL $ balances was pegged officially at 1:1 for the two months (January and February 2019). On 20 February 2019 the Government of Zimbabwe promulgated SI 33 of 2019 which prescribed the ZWL $ as the sole currency. The Corporation adopted the ZWL $ as the reporting currency effective 1 March 2019. Transactions completed for the period January and February were not restated.

Notes to the financial statements
for the year ended 31 December 2019 (continued)

29 Events after the reporting period

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.