

# ZIMBABWE TEACHERS ASSOCIATION

# PROVIDENT FUND

## Annual Financial Statements

31 December 2022

### NATURE OF BUSINESS:

The objective of the Fund is to provide benefits to its members upon retirement, death of member or bereavement to their beneficiaries upon death. The Fund was provisionally registered on the 29th of June 2020 with operations of the Fund and establishment of the board of trustees set on the 1st of November 2020. On 19th of November 2022, it was fully registered as a Self-Administered defined benefit fund.

### BOARD OF TRUSTEES:

Mr. J. Muliwo	(Chairman)
Mr. P. Mazibuko	(Vice Chairman)
Mr. G. Taderera	(Member Trustee)
Mr. I. Nheya	(Member Trustee)
Mr. A. Maphosa	(Member Trustee)
Mr. M. Hove	(Member Trustee)
Mrs. E. Bhobho	(Employee Trustee)
Mrs. E. Gunda	(Employee Trustee)
Mr. L. Banda	(Employee Trustee)

### PRINCIPAL OFFICER:

Mr. M. B. Mageza

### ACTUARIES:

ZB Life Assurance Limited  
ZB Life Towers  
77 Jason Moyo Avenue  
HARARE  
Zimbabwe

### REGISTERED OFFICE:

ZIMTA House  
190 Chitepo House Avenue  
HARARE

### PRINCIPAL BANKERS:

ZB Bank  
Corner First Street/George Silundika Avenue  
First Street  
HARARE

### AUDITORS:

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

### Contents

Responsibilities of Trustees for the annual financial statements	
Independent Auditor's Report	
Statement of net assets available for benefits	
Statement of changes in net assets available for benefits	
Statement of cash flows	
Statement of accounting policies	
Notes to the financial statements	
Appendices: Supplementary schedules	

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

### Responsibilities of Trustees for the annual financial statements for the year ended 31 December 2022

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

The annual financial statements set out in this report have been prepared by management in accordance with the Pension and Provident Funds Act (Chapter 24:32). They are based on appropriate accounting policies which are supported by reasonable and prudent judgements and estimates.

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

The Pension Fund's annual financial statements which are set out on pages 7 to 28 were, in accordance with their responsibilities,

approved by the Trustees on.....2023 and are signed on its behalf by:

Dr. S. Ndlovu  
Chief Executive Officer (ZIMTA)

Mr. J. Muliwo  
Chairman (ZIMTA Provident Fund)

These financial statements were prepared under the supervision of:

Mr. M. B. Mageza  
Principal Officer (ZIMTA Provident Fund)

### INDEPENDENT AUDITOR'S REPORT

To the members of Zimbabwe Teachers Association Provident Fund

Report on the audit of the Annual Financial Statements

#### Qualified Opinion

We have audited the annual financial statements of Zimbabwe Teachers Association Provident Fund set out on pages 7 to 28 which comprise of the statement of net assets available for benefits as at 31 December 2022, the statement of changes in net assets available for benefits, the membership statistics 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Teachers Association Provident Fund as at 31 December 2022, and its financial performance and cash flow for the year then ended in accordance with the basis of preparation applicable to pension funds in Zimbabwe and in the manner required by the Pension and Provident Funds Act (Chapter 24:32).

#### Basis for Qualified Opinion

##### Valuation of investment properties

The determination of fair values for investment properties presented in the annual financial statements is affected by the prevailing economic environment. These financial statements include investment property that was revalued by the independent professional valuers as at 31 December 2022. The valuations were determined in USD and then translated to ZWL at the foreign currency auction rate prevailing as at 31 December 2022.

Although the determined USD values reflected the fair value of the investment properties in USD, the converted ZWL fair values may not reflect the assumptions that market participants would apply in valuing similar items of investment properties in ZWL.

#### 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.

Except for the matters described in the Basis for Qualified Opinion section, we have determined that there are no key audit matters to communicate in our report.

#### Responsibilities of Trustees and Those Charged with Governance for the financial statements

Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Pension and Provident Funds Act (Chapter 24:32), and relevant acceptable Insurance and Pensions Commission guidelines, and for such internal controls 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, the trustees are responsible for assessing the Provident Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Provident Fund's financial reporting process.

The Trustees are responsible for overseeing the Provident Fund 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 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 Pension Fund'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 Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Pension Fund to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Pension Fund's audit. We remain solely responsible for our audit opinion.

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

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

#### Report on other legal and regulatory requirements

##### Investments in prescribed assets

As at 31 December 2022, the Pension Fund was not compliant with the Insurance and Pensions Commission (IPEC) Circular 3 of 2019, regarding the holding of prescribed assets to a minimum of 20%. The Pension Fund held prescribed assets amounting to 8.4% of the total assets at cost at year end.

##### Investments in quoted shares

As at 31 December 2022, the Pension Fund was not compliant with the Insurance and Pensions Commission (IPEC) Circular 1 of 2013, regarding the investments in quoted shares to a maximum of 50%. The Pension Fund held quoted shares amounting to 44.1% of the total assets at cost at year end.

The engagement partner on the audit resulting in this Independent Auditor's Report is Alice Mafanuke.

Alice Mafanuke

Partner.....18 JULY 2023

Registered Public Auditor (PAAB No: 0465)

Grant Thornton  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
HARARE

### Statement of net assets available for benefits

for the year ended 31 December 2022

Notes	2022				2021			
	Sub		Sub		Sub Account 1 ZWL	Sub Account 2 ZWL	Sub Account 3 ZWL	Total ZWL
	Account 1 ZWL	Sub Account 2 ZWL	Account 3 ZWL	Total ZWL				
<b>Membership Activities</b>								
<b>Contributions</b>								
by members:								
(a) Normal								
(b) Voluntary								
by employers								
<b>Total Contributions</b>								
<b>Other membership income</b>								
<b>Total other membership income</b>								
<b>Benefits and Payments</b>								
Lump sum awards on death								
Lump sum awards on retirement and retrenchment								
<b>Total Benefits and Payments</b>								
<b>Net Membership Activities Income</b>								
<b>NON-MEMBERSHIP ACTIVITIES</b>								
<b>Investment Income</b>								
Financial Assets								
Interest income								
Dividends								
Unrealised fair value gains								
Realised fair value gains								
Realised profit on sale of equities								
Interest from bank								
<b>Total Investment income</b>								
<b>Investment Expenses</b>								
<b>Financial Assets</b>								
Asset management fees								
<b>Total Investment Expenses</b>								
<b>Net Investment Income</b>								
<b>Other Activities</b>								
Bank charges								
Staff costs								
Administration fees								
Actuarial fees								
Audit fees								
Board expenses								
IPEC levies								
Other administration expenses								
Asset management fees								
Fines and Penalties								
Amortisation, depreciation and impairment of operating assets								
Tax								
Provisions (specify):								
Member benefit								
Unclaimed benefit								
Total Other expenses								
Net Other Income								
Change in Net Assets excluding Membership Activities								
Net increase/(decrease) in net assets								
Net assets available for benefits at beginning of year								
Net Assets available for benefits at end of year								
<b>Assets A</b>								
<b>Operating Assets</b>								
Furniture and equipment								
Computer systems and hardware								
Other (specify):								
Office equipment								
Total Operating assets								
<b>B</b>								
<b>Non-Current Investments</b>								
Investment property								
Equities								
quoted:								
unquoted								
Prescribed assets								
government bonds								
other prescribed assets								
Bonds								
Loans and mortgages on property								
Staff loans and mortgages								
Long term deposits								
<b>Total Non-current investment assets</b>								
<b>Assets</b>								
Other prescribed assets								
Staff loans and mortgages								
Money market investments								
Cash on hand and at bank								
<b>Total current investment assets</b>								
<b>D</b>								
<b>Sundry Debtors</b>								
Contribution arrears								
Rental arrears								
Dividend receivable								
Interest receivable								
Other (specify):								
Related party receivable								
<b>Total sundry debtors</b>								
<b>Total assets</b>								
<b>E</b>								
<b>Non-Actuarial Liabilities</b>								
Other non-actuarial liabilities (specify):								
Unclaimed benefits								
Arrears retirement benefit								
Provision for audit fees								
Member benefit liability								
Related party liability								
<b>Total non-actuarial liabilities</b>								
<b>Net Assets available for benefits at end of year</b>								
<b>F</b>								
<b>Actuarial Liabilities</b>								
Members' Liabilities								
Reserves								
Accumulated deficit								
Other reserves(specify):								
<b>Total Actuarial Liabilities</b>								
<b>Surplus/ Deficit</b>								

Mr. M. B. Mageza

PRINCIPAL OFFICER



