ZIMBABWE TEACHERS ASSOCIATION PROVIDENT FUND

Financial Statements

for the fourteen (14) months ended 31 December 2021

Zimbabwe Teachers Association Provident Fund
Financial Statements
for the fourteen (14) months ended 31 December 2021

NATURE OF BUSINESS:
The objective of the Fund 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 2021, it was fully registered as a Self-Administered defined benefit fund.

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 Silindika Avenue
First Street
HARARE

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

Contents

Responsibilities of Management and Those Charged with Governance for the annual financial statements
Independent Auditor's Report
Statement of income and expenditure
Statement of financial position
Statement of changes in funds
Statement of cash flows
Statement of accounting policies
Notes to the financial statements
Appendices: Supplementary schedules

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

Responsibilities of Management and Those Charged with Governance for the annual financial statements for the year ended 31 December 2021.

It is the Trustees' responsibility to ensure that the financial statements fairly present the state of affairs of the Provident 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 24:09) as read with the Pension and Provident Funds Regulations (S.I. 323 of 1991) and Pension and Provident Funds (Amendment) Regulations, 2020 (S.I. 91 of 2020). They are also 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. They are based on appropriate accounting policies which are supported by reasonable and prudent judgements and estimates.

The Trustees carried out an assessment on the effect of **Covid-19** on the Provident Fund's operations and income streams and came to a conclusion that the impact is not material to affect the ability of the Provident Fund's ability to continue as a going concern for the twelve months.

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 Provident Fund's financial statements which are set out on pages 7 to 25 were, in accordance with their responsibilities, approved by the Trustees on………………………2022 and are signed on its behalf by:

……………………………… ………………………………
Dr. S. Ndlovu — Mr. J. Mulilo
Chief Executive Officer (ZIMTA) — **Chairman (ZIMTA Provident Fund)**

These financial statements were prepared under the supervision of:
………………………………
Mr. M. B. Mageza
Principle Officer (ZIMTA Provident Fund)

INDEPENDENT AUDITOR'S REPORT

To the members of Zimbabwe Teachers Association Provident Fund

Report on the audit of the Financial Statements

Opinion
We have audited the financial statements of Zimbabwe Teachers Association Provident Fund set out on pages 7 to 25 which comprise of the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the 14 months period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Teachers Association Provident Fund as at 31 December 2021, and its financial performance and cashflows for the 14 months period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our responsibility in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to **note 19** to the financial statements, which indicates that the Fund incurred a deficit for the year of ZWL 356 491 793. As at 31 December 2021, the Fund's total current liabilities exceeded current assets by USD 356 491 793. This indicates that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 International Financial Reporting Standards and Pension and Provident Funds Act (Chapter 24:09), and relevant Statutory Instruments (S.I. 323/91 the Pension and Provident Funds Regulation, 1991 and S.I. 91/20 the Pension and Provident Funds (Amendment) Regulation, 2020) 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, management is 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.

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 Provident 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 Provident 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 Provident 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 Provident Fund to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Provident Fund's audit. We remain solely responsible for our audit opinion.
- ❖ We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- ❖ We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- ❖ From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Investments in prescribed assets
As at 31 December 2021, the Provident 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 Provident Fund did not hold any investments in prescribed assets.

Investments cash and cash equivalents
As at 31 December 2021, the Provident Fund was not compliant with the Insurance and Pensions Commission (IPEC) Circular 1 of 2013, regarding investments in cash and cash equivalents to a maximum of 50%. The provident fund held cash and cash equivalents amounting to 56.75% 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 Grant Thornton
Partner ………………………………………………………………… 31 OCTOBER 2022
Registered Public Auditor (PAAB No: 0465)
Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors
HARARE

Statement of income and expenditure
for the 14 months period ended 31 December 2021

	Notes	Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL
Income			
Membership contributions	5	84 480 238	68 888 783
Gain from fair value adjustment on listed securities	12	395 270	395 270
Other income	6	7 195 183	7 192 178
Total income		**92 070 691**	**76 476 231**
Expenditure			
Administration expenses	7	32 357 360	27 425 430
Member benefits payments	8	12 562 209	10 237 300
Member benefits provision	9	395 055 627	395 055 627
Other expenses	10	98 533	79 942
Depreciation of property and equipment	11	169 725	169 725
Total expenditure		**440 243 454**	**432 968 024**
Deficit for the year before net monetary loss		(348 172 763)	(356 491 793)
Net monetary loss		(7 862 639)	-
Deficit for the year		(356 035 402)	(356 491 793)

Statement of financial position
as at 31 December 2021

	Notes	Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL
ASSETS			
Non-current assets			
Property and equipment	11	1 928 492	1 472 101
Financial assets at fair value through profit or loss	12	6 395 270	6 395 270
		8 323 762	**7 867 371**
Current assets			
Related party receivable	14	30 000	30 000
Short term investments	16	10 981 401	10 981 401
Cash and cash equivalents	13	24 255 062	24 255 062
		35 266 463	35 266 463
Total assets		**43 590 225**	**43 133 834**
FUNDS, RESERVES AND LIABILITIES			
Funds and reserves			
Accumulated deficit		(356 035 402)	(356 491 793)
Current liabilities			
Member benefits liability	9	395 055 627	395 055 627
Trade and other payables	15	4 570 000	4 570 000
		399 625 627	399 625 627
Total funds, reserves and liabilities		**43 590 225**	**43 133 834**

……………………………… ………………………………
Dr. S. Ndlovu — Mr. J. Mulilo
Chief Executive Officer (ZIMTA) — Chairman (ZIMTA Provident Fund)

Statement of changes in funds

	Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL	ZWL
Opening balance	-	-	-
Deficit for the 14 months period	(356 035 402)	(356 491 793)	(356 491 793)
Balance at 31 December 2021	**(356 035 402)**	**(356 491 793)**	**(356 491 793)**

Statement of cash flows

	Notes	Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL
Cash flows from operating activities			
Deficit for the period		(356 035 402)	(356 491 793)
Adjustments for:			
Loss on monetary items		7 862 639	-
Member benefits provision		395 055 627	395 055 627
Unrealised gains on listed securities		(395 270)	(395 270)
Depreciation	11	169 725	169 725
Operating cash flows before working capital changes		**46 657 319**	**38 338 289**
Changes in working capital	**17**	**4 540 000**	**4 540 000**
Net cash flows utilised in operating activities		51 197 319	42 878 289
Cash flows from investing activities			
Financial assets listed securities	12	(6 000 000)	(6 000 000)
Purchase of property and equipment	11	(2 098 217)	(1 641 826)
Short term investments	16	(10 981 401)	(10 981 401)
Net cash flows utilised in investing activities		(19 079 618)	(18 623 227)
Increase in cash and cash equivalents		**32 117 701**	**24 255 062**
Effects of inflation		(7 862 639)	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at end of the year	**13**	**24 255 062**	**24 255 062**

Statement of accounting policies
for the 14 months period ended 31 December 2021

1 General information
Zimbabwe Teachers Association Provident Fund ("The Fund") is registered in Zimbabwe and is a self-administered defined benefit fund, set up for the purpose of providing bereavement and retirement benefits to the members of the Fund. The Fund is registered in terms of the Pensions and Provident Funds Act (Chapter 24:09). All members of Zimbabwe Teachers Association are allowed to voluntarily join the fund.The main activity of the Fund is to cater for members bereavement and retirement claims,to those who subscribe to the fund.The fund also invest members money on their behalf as a way of increasing the value of the fund.

1.1 Functional and presentation currency
These financial statements are presented in Zimbabwe Dollars (ZWL), which is the Fund's functional and presentation currency and are rounded to the nearest ZWL.

2 Significant accounting policies

2.1 Basis of preparation
The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Pension and Provident Funds (Amendment) Regulations, 2020 (No.25) (Statutory Instrument 91 of 2020) and the Insurance and Pensions Commission Circular 26 of 2020 and Circular 20 of 2021. For the period ended 31 December 2021, the Fund's financial statements were prepared under the historical cost convention as well as in accordance with the Pensions and Provident Fund Act (Chapter 24:09) and statutory instrument 323 of 1991. For the purpose of fair presentation in accordance with International Accounting Standard (IAS) 29 "Financial Reporting In Hyperinflationary Economies", this historical cost information has been restated for changes in purchasing power of the ZWL and appropriate adjustments and reclassifications has been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Fund. The historical costs financial statements have been provided by way of supplementary information.

2.2 Inflation adjustment
The Public Accountants and Auditors Board of Zimbabwe through circular 01/19 communicated that the factors and characteristics to apply International Accounting Standard ("IAS 29"), Financial Reporting in Hyper-inflationary Economies had been met in Zimbabwe. Entities reporting in Zimbabwe were required to effect IAS 29 from the 1st of July 2019. IAS 29 states that in a hyperinflationary economy, reporting of operational results and financial position in the local currency without restatement is not useful. Money loses purchasing power at such a rate that comparison of amounts from transactions and other events that have occurred at different times, even within the same accounting period is misleading. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date and the corresponding figures for the previous periods be stated in the same terms to the latest balance sheet date.

The restatement has been calculated by means of conversion factors derived from month on month consumer price index (CPI) prepared by the Reserve Bank of Zimbabwe. The conversion factors used to restate the financial statements as at 31 December 2021 are as follows;

Month	Year	CPI Index	Factor
November	2020	2 374	1.68
December	2020	2 475	1.61
January	2021	2 609	1.52
February	2021	2 699	1.47
March	2021	2 760	1.44
April	2021	2 804	1.42
May	2021	2 875	1.38
June	2021	2 986	1.33
July	2021	3 063	1.30
August	2021	3 191	1.25
September	2021	3 342	1.19
October	2021	3 556	1.12
November	2021	3 761	1.06
December	2021	3 977	1

The main procedures applied in the above mentioned restatement of transactions and balances are as follows:

All corresponding figures as of, and for the period ended 31 December 2021 are restated by applying the change in the index for 31 December 2020 and 31 December 2021. Monetary assets and liabilities for the current year are not restated as they are already stated in terms of the measuring unit current at the balance sheet date. Income statement transactions are restated by applying the monthly index during the year. Gains and losses arising from the net monetary asset and liability positions are included in the income statement.

2.3 New or revised standards or interpretations At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Fund.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Fund's financial statements.

2.3.1 Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

For a levy that would be within the scope of International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective date

January 1, 2022

2.3.2 IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

2.3.3 IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)
Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Trustees of the Fund anticipate that the application of these amendments may have an impact on the Fund's financial statements in future periods should such transactions arise. The Fund does not at the moment have associates or joint venture arrangements.

Effective date

The effective date of the amendments has yet to be set by the IASB.

2.3.4 Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

For a levy that would be within the scope of International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective date

January 1, 2022

2.3.5 Annual Improvements to IFRS 9, Financial Instrument
The amendment clarifies that in applying the '10 percent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Effective date

January 1, 2022

2.3.6 Amendments to IAS 16 – Property, Plant and Equipment— Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Effective date

January 1, 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Effective date

January 1, 2022

2.3.8 Annual improvements to IFRS 16 Leases
The amendment clarifies that in applying the '10 percent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

2.4 Going concern
The Trustees have, at the time of approving the financial statements, a reasonable expectation that the Fund have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.5 Income
Revenue is recognised at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Pension Fund and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

(a) Contributions
Contributions are recognised on a receipt basis.

ZIMBABWE TEACHERS ASSOCIATION PROVIDENT FUND

Financial Statements

for the fourteen (14) months ended 31 December 2021

(b) **Interest**
Other income comprises of commission received, rental income, interest income and sundry income. This is recognised when they are due and receivable.

(c) **Dividends**
Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date.

2.6 Financial Instruments
Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for other receivables that do not have a significant financing component which are measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Debt Instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI);

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Financial assets designated as at FVTPL
On initial recognition, the Fund may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTPL. Designation at FVTPL is permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Derecognition
A financial asset(or where applicable, a part of a financial asset or is primarily derecognised (removed from the entity's statement of financial position) when the rights to receive cashflows from the asset have expired.

2.7 Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.8 Trade and other payables
Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities. Trade and other payables include obligations to pay exiting members' benefits, asset management fees, administration fees, group life assurance premiums and IPEC Levies.

2.9 Provisions
Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events and 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. Provisions are measured at the best estimate of the amount that will be required to settle the present obligation at the end of the period.

2.10 Property and equipment
All property and equipment is stated at valuation less accumulated depreciation and impairment losses. Revalued amounts are fair values based on appraisals prepared by external professional values once every two years or more frequently if market factors indicate a material change in fair value. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost can be measured reliably.

All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The gain or loss arising on the disposal or retirement of equipment is determined as the difference between the sale proceeds and the carrying amounts of the asset and is recognized in the statement of income and expenditure.

2.10.1 Depreciation
Depreciation is provided for using the straight line method at the following rates per annum, to allocate the historical cost or valuation of property and equipment over their estimated useful life.

Asset	Rate
Land	Nil
Buildings	40 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 years
Computer equipment	3 years

3 Fair value measurement
The Fund take into account the characteristics of the asset or liability if market participants. The characteristics include: (a) the condition and location of the asset; and (b) restrictions, if any, on the sale or use of the asset.

The Fund uses the fair value hierarchy levels 1 to 3 which are based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 fair value measurements are those derived from 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); and
Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4 Taxation
In terms of the Third Schedule to the Income Tax Act (Chapter 23:06) pension funds are exempt from income tax and residents tax on interest from financial institutions until such date as the Minister may specify by notice in the Gazette. No such notice was gazetted in respect of the year covered by these financial statements and no tax liabilities have been recognized. In instances where the Fund owns commercial property to earn rental income, the Fund is subject to Value Added Tax provided that the annual rental income exceeds the minimum threshold specified in the Value Added Tax Act.

5 Financial review
The Trustees consult an Actuary to perform the financial review of the Fund and the Actuary credits members allocation (accumulation) accounts at least once a year with interest at a rate generally reflecting the return earned on the assets of the Fund. The financial review of the Fund as at 31 December 2021 is in progress and its objectives are:

(a) To assess the financial and solvency of the Fund
(b) To recommend the rate of interest to be credited to members accumulation credits for 12 months to 31 December 2021.
(c) To recommend an interim bonus rate to be used for the calculation of the benefits after 1 January 2022.
(d) To recommend any amounts (if any) to be retained as reserves as at 31 December 2021.

2 Statement of compliance
The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements are based on statutory records that are maintained under the historical cost convention.

3 Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation
These financial statements are based on the historical cost convention and restated to take account of the effects of inflation in accordance with international accounting standard 29"Financial reporting in hyperinflation Economies as described below.I.A.S.29 requires that the financial statements prepared in the currency of a hyprinflationery economy be stated in terms of a measuring unit current at the balance sheet date,and the corresponding figures for previous period be restated in the same terms.

Figures for previous period be restated in the same terms.The restatement has been calculated by means of conversion factors derived from consumer price index prepared by Reserve bank of Zimbabwe.Indices used are attached to these statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Board of Trustees.
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Board of Trustees

Management anticipates that all of the pronouncements will be adopted in the Funds's accounting policies for the first period beginning after the effective date of the pronouncement.

3.3 Reporting currency
The financial statements are expressed in ZWL. Transactions during the year are converted at the official rate of exchange ruling at the date of the transaction.

3.4 Revenue recognition
Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Fund's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts.

Revenue is recognized when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the Fund. Revenue is recognized as follows:

3.4.1 Subscription income
Income from subscription is recognised on a receipt basis.

3.4.2 Other income
Other income comprises of commission received, rental income, interest income and sundry income. This is recognised when they are due and receivable.

3.5 Property and equipment
All property and equipment is stated at valuation less accumulated depreciation and impairment losses. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost can be measured reliably.

All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The gain or loss arising on the disposal or retirement of equipment is determined as the difference between the sale proceeds and the carrying amounts of the asset and is recognized in the statement of income and expenditure.

3.5.1 Depreciation
Depreciation is provided for using the straight line method at the following rates per annum, to allocate the historical cost or valuation of property and equipment over their estimated useful life.

Rate	
Land	Nil
Buildings	40 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 years
Computer equipment	3 years

The assets residual values and useful lives are reviewed annually, and adjusted if appropriate at each reporting date.

3.6 Accounts receivables
Accounts receivables are recognized initially at fair value and subsequently measured at cost adjusted for subsequent payments paid.

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

3.8 Trade and other payables
Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.9 Provisions
Provisions are recognized when the Fund 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 obligation can be made.

3.10 Taxation

No provision has been made for taxation as the Fund is exempt from income tax.

Notes to the financial statements
for the 14 months ended 31 December 2021

		Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL
5	**Revenue**		
	Membership contributions	84 480 238	68 888 783
6	**Other income**		
	Interest received: Bank	17 561	14 556
	Interest received from money markets: Investment	7 177 622	7 177 622
		7 195 183	7 192 178
7	**Administration expenses**		
	Included in administration expenses are the following:		
	Consultancy and audit fees	4 500 000	4 500 000
	Tollgate expenses	4 410	11 000
	Bank charges	122 786	100 401
	Cleaning	18 738	15 770
	Computer expenses	666 767	560 099
	Travelling and subsistence	1 034 764	936 742
	Printing and stationery	122 811	108 562
	Equipment repairs	67 850	50 063
	Telephone and internet	214 881	157 134
	Legal fees	13 802	9 389
	Administration fees	1 636 196	1 372 865
	Staff welfare	27 483	23 710
	Salaries and wages	3 535 919	3 038 776
	Accommodation and catering	1 600 472	1 231 185
	Training	475 392	447 306
	20% Administration fees	16 007 862	13 132 209
	Meetings:	1 861 199	1 375 819
	Quarterly allowances	406 720	328 000
	Communication	39 308	26 400
		32 357 360	27 425 430
8	**Member benefits payments**		
	Retirements	4 922 683	4 047 700
	Member bereavement	3 706 545	2 921 500
	Spouse bereavement	3 725 476	3 104 100
	Child bereavement	207 505	164 000
		12 562 209	10 237 300

9 Member benefits liabilities

Provisions comprise amounts set aside from contributions received to provide for future benefit payment claims.

Opening balance	-	-
Provision made during the current year	395 055 627	395 055 627
Balance at 31 December	395 055 627	395 055 627

10 Other Expenses		
Zimbabwe Association of Pension Funds	13 780	13 000
General expenses	62	62
Subscriptions	13 940	11 000
Staff development and training	70 751	55 880
	98 533	79 942

11 Property and equipment

Historical Cost

	Software Equipment ZWL	Computer equipment ZWL	Furniture fittings ZWL	Office equipment ZWL	Total ZWL
Fourteen months ended 31 December 2021					
Opening carrying amount	-	-	-	-	-
Additions	266 442	619 214	461 092	295 078	1 641 826
Depreciation for the fourteen months	-	(113 473)	(46 109)	(10 143)	(169 725)
Closing carrying amount	266 442	505 741	414 983	284 935	1 472 101
As at 31 December 2021					
Cost	266 442	619 214	461 092	295 078	1 641 826
Accumulated depreciation	-	(113 473)	(46 109)	(10 143)	(169 725)
Carrying amount as at 31 December 2021	266 442	505 741	414 983	284 935	1 472 101

Inflation Adjusted

	Software Equipment ZWL	Computer equipment ZWL	Furniture fittings ZWL	Office equipment ZWL	Total ZWL
Fourteen months ended 31 December 2021					
Opening carrying amount	-	-	-	-	-
Additions	346 374	810 918	613 252	327 673	2 098 217
Depreciation for the fourteen months	-	(113 473)	(46 109)	(10 143)	(169 725)
Closing carrying amount	346 374	697 445	567 143	317 530	1 928 492
As at 31 December 2021					
Cost	346 374	810 918	613 252	327 673	2 098 217
Accumulated depreciation	-	(113 473)	(46 109)	(10 143)	(169 725)
Carrying amount as at 31 December 2021	346 374	697 445	567 143	317 530	1 928 4

	Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL
12 Financial Assets at fair value through profit or loss		
Year ended 31 December 2021		
Opening carrying amount	-	-
Additions of shares	6 000 000	6 000 000
Gains from fair value adjustment of shares	395 270	395 270
Closing carrying amount	6 395 270	6 395 270

13 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Inflation Adjusted 2021 ZWL	Historical Cost 2021 ZWL
Cash on hand	6 766	6 766
Cash at bank	24 248 296	24 248 296
	24 255 062	24 255 062

14 Related party receivable

Related party Nature of transactions Relationship

Zimbabwe Micro FinanceAdvances, short term investmentsCommon control

Transaction with Zimbabwe Micro Finance (ZIMTA Investment Fund)	30 000	30 000

Zimbabwe Micro Finance (ZIMTA Investment Fund) owed the Provident Fund ZWL 30 000 relating intercompany balance.

15 Trade and other payables

Trade payables	70 000	70 000
Other payables	4 500 000	4 500 000
	4 570 000	4 570 000

Other payables was made up of audit fee provision set as at year end.

16 Short term investments

Money market placements	10 981 401	10 981 401

Short term investments are mostly money market placements made for cash flow management and compliance with IPEC regulations.

17 Changes in working capital:	ZWL	ZWL
Increase in related party receivables	(30 000)	(30 000)
Increase in trade and other payables	4 570 000	4 570 000
Net movement in working capital	4 540 000	4 540 000

18 Risk management policies and procedures
The Fund's principal financial liabilities, comprise trade and other payables. The Fund has various financial assets such as accounts receivables and cash arising directly from its operations. Exposure to credit risk arises in the normal course of operations and this is the main risk arising from the fund`s financial instruments. The Board of trustees reviews and agrees policies for managing this risk and this is summarised below:

18.1 Credit risk
Financial assets which potentially subject the Fund to credit risk consist mainly of accounts receivables, bank and cash balances. The Fund's receivables are presented net of allowance for credit losses, where this is considered necessary. Credit risk in respect of accounts receivable is limited because of the nature of the receivables.

18.2 Liquidity risk
Liquidity risk is addressed through the Board of trustees comprising of the Chairman, Vice Chairman and trustees. At its annual general meeting the Board of trustees deals with strategic and policy issue on liquidity and assesses the position and mismatch levels within which the activities of the next period are conducted. It is the responsibility of the Board of trustees to ensure that the Fund has sufficient levels of liquidity at any given point in time.

18.3 Interest rate risk
The Fund's exposure to interest rate fluctuations is limited to the overdraft amount.

19 Going Concern
The Fund incurred a deficit for the year of ZWL 356 491 793 resulting in accumulated deficit of ZWL 356 491 793. As at 31 December 2021 the Fund's total current liabilities exceeded current assets by ZWL 356 491 793.

The deficit has been caused by recognition of the present value of provision for member benefits. These conditions may indicate the existence of a material uncertainty about the ability of the Fund to continue operating as a going concern.

Management have put in place aggressive cost management strategy and diversified investment portfolios in order to ensure that the Fund will continue operating as a going concern. It is on the basis of these strategies that the financial statements are prepared on the basis of accounting policies applicable to a going concern.

20 Actuarial valuation

The Trustees found it prudent to carry out an actuarial valuation of the Fund to:
a) Assess the Funds' financial position.
b) Assess the Funds' financial soundness.
c) Recommend the maximum retirement benefit supported by the scheme.

The most recent draft actuarial valuation report was carried out as at 31 December 2021. As at the date of report the liabilities totalled ZWL 395 055 627, value of future contributions amounted to ZWL 487 956 707 giving us a total reserve of ZWL (92 901 080). The value of assets at the date of report amounted to ZWL 43 520 225. This resulted in the fund having a surplus of ZWL 136 421 305. These results showed that the fund is currently in a sound financial position with a funding level of 135%.

In preparing the report it was assumed that death benefits will be insured, and no additional liability will be incurred. Having a surplus of ZWL 136 421 305. These results showed that the fund is currently in a sound financial position with a funding level of 135%. In preparing the report it was assumed that death benefits will be insured, and so no additional liability will be incurred. The provisional amounts from the draft actuary report were adopted in preparation of the financial statements.

21 Events after the reporting period

Russian invasion of Ukraine
Subsequent to year end, and at the time of finalising the financial statements, the Russian invasion of Ukraine has had significant impact on commodity prices, including increased oil, gas, other commodity (ammonia nitrate, copper, steel and other commodities) and gold prices. The oil price is a driver for a number of operating costs of the Fund.

Management considered the impact of the high inflationary environment in the business planning process used to determine the 2022 operational plan and guidance. However, further significant increases in oil, gas and other operating costs, further increased the operating costs of the Fund and could have an adverse effect on the Fund's business, operating results and financial condition.

Detailed Analysis of Market Values of AssetsForm P.P.F.R.7

		Inflation Adjusted		Historical Cost	
			2021		2020
		Total Amount ZWL	Percentage of total Value of assets %	Total Amount ZWL	Percentage of total Value of assets %
Section A	Assets, at Market Value held in terms of section 18(2) of the Act:				
I.	Local registered securities issued by:				
	Prescribed assets	-	0.0%	-	0.0%
	Money market	10 981 401	25.5%	10 981 401	25.5%
Section B	Other assets at Market Value				
II	Ordinary and deferred quoted shares	6 395 270	14.8%	6 395 270	14.8%
III	Property and equipment	1 472 101	3.4%	1 472 101	3.4%
IV	Cash on hand and at bank	24 255 062	56.3%	24 255 062	56.3%
		43 103 834		43 103 834	

....
PRINCIPAL OFFICER (ZIMTA Provident Fund)

Membership Statistics for the year ended 31 December 2021

		2021
1	Number of principal members at beginning of year	29 334
	Number of beneficiaries at beginning of the year	-
	Reinstatements	473
	Total	29 807
2	**Membership as at end of year**	
	(a) New entrants for the year	1 270
	(b) Active members	29 461
	(c) Cessation	2 005
	(d) Members with unclaimed benefits	72
	Total	32 808
4	**Exists as at end of year**	
	(a) Retirement	177
	(b) Death	120
	(c) Cessation	2 005
	Total	2 302

The membership statistics are based on information received from member local authorities at the time of preparing the financial statements.

....
PRINCIPAL OFFICER (ZIMTA Provident Fund)