



**ZADT**

Zimbabwe Agricultural  
Development Trust

# Annual Report 2023

# 2023 ANNUAL REPORT

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# Acronyms and Abbreviations

ACT	Access to Clean Technology
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CSA	Climate Smart Agriculture
CIMMYT	International Maize and Wheat Improvement Centre
DANIDA	Danish International Development Agency
DCA	Dan Church Aid
FACHIG	Farmers' Association of Community Self-Help Investment Groups
FCDO	Foreign Commonwealth & Development Office
Hivos	Humanistic Institute for Cooperation with Developing Countries
HR	Human Resources
IESBA	International Ethics Standards Board of Accountants
MFI	Micro Finance Institution
MEAL	Monitoring Evaluation Accountability & Learning
MLAFWRD	Ministry of Lands, Agriculture, Fisheries, Water and Rural Development
MT	Metric Tonne
RBZ	Reserve Bank of Zimbabwe
RTGS	Real Time Gross Settlement
SARCOF	Southern African Regional Climate Outlook Forum
SDC	Swedish Development Centre
SIDA	Swedish International Development Agency
SNV	Stitching Nederlandse Vrijwilligers (Netherlands Development Organisation)
MSME	Micro Small to Medium Enterprises
SME	Small to Medium Enterprises
USD	United States Dollars
WC	Working Capital
ZADT	Zimbabwe Agricultural Development Trust
ZWL	Zimbabwe Dollar

# 1 | Executive Summary

Smallholder farmers are still perceived as a high-risk group by the formal financial services sector due to lack of credit culture, tangible/acceptable collateral, financial illiteracy, and inadequate capacity to prepare bankable project proposals. However, National Maize production for the 2022/23 season stood at 2,298,281 MT, a 58% increase from the 2021/2022 season dominated by the Communal Area sector, contributing 46%. There were also significant increases in sorghum, pearl millet and finger millet production by the smallholder farming sector. To enhance service delivery under its ZADT mandate of supporting smallholder agriculture, the Trust in October 2022 crafted a new five-year strategy for the period 2023 to 2027 which further strengthened business capacity building and collaborative partnerships for smallholder agricultural development.

As the Trust continued to pursue its mandate of impacting on smallholder agriculture in the face of a challenging operating economic environment there were no significant changes to the portfolio under the strategic financing framework approved by the Board in 2021. This was mainly because the fund size remained relatively the same from the previous year.

ZADT posted some positive impact on target beneficiaries in several projects under the Impact Fund. These included the African Guarantee Fund Youth-Led Training and Mentorship Programme funded by the African Development Bank Youth Employment Innovation Multi-Donor Trust Fund (YEI MDTF) where 50 Youths out of the 96 that were trained in 2022 were taken through a mentorship phase to access funding from financial institutions; and the 60 smallholder farmer beneficiaries in Marirangwe who were assisted by ZADT through the DanChurchAid (DCA) funding to buy shares in the Marirangwe United Bush Dairy (MUBD) Cooperative.

The cumulative total number of smallholder farmers linked to supported agribusinesses and smallholder farmers including women and youth since the adoption of the Co-Investment funding model in 2019 increased from 5,913 in 2022 to 5,968 in 2023, representing a 1% increase.

The composition of the Trust Board did not change. The Board was made up of six members, three women and three men. One member, Faith Chipiwa Mberi resigned at the end of the year after serving two terms. The Secretariat is still comprised of three units namely Investments, Finance and Administration, and Monitoring Evaluation Accountability and Learning. However, following the signing of the Sida funded CAUSEWAY Project, 10 new staff members were recruited. The project is managed under the Programmes Department headed by the Programmes Manager.



## 2 | Message from the Chairperson



*"Looking ahead, the Trust remains resolute in its mission to ensure operational sustainability"*

**RACHEL PFUNGWA KUPARA**

Board Chairperson

### Introduction

I hope this message finds you well. As we reflect on the operational landscape of 2023, it is imperative to acknowledge the formidable challenges posed by the dual currency regime, particularly the weakening of the local Zimbabwe Dollar (ZWL) in comparison to the US Dollar. This dynamic, coupled with the scarcity of US dollars crucial for business operations, exerted upward pressure on the exchange rate, consequently fueling inflation. In this regard, I extend my commendation to the monetary and fiscal authorities for their steadfast commitment to maintaining a stringent monetary policy. Their proactive measures, encompassing banking policies, medium-term accommodations, and statutory reserve requirements, have been instrumental in mitigating inflationary pressures.

Moreover, the foreign exchange auction system remained pivotal in providing essential foreign currency liquidity to our economy. Despite challenges, such as the hesitancy of financial institutions to extend US dollar-denominated loans beyond 2025 due to Exchange Control Act provisions, the enactment of Statutory

Instrument 218 of 2023 provided a timely reprieve by extending the validity of foreign currency transactions until December 31, 2030.

## Financial Performance of the Trust

In terms of financial performance, the Trust demonstrated resilience amidst adversity. Inflation-adjusted revenues for the accounting period amounted to ZWL\$1,306,553,273, with additional operating gains of ZWL\$62,899,388,037. Operating expenses stood at ZWL\$4,406,080,257, alongside finance costs of ZWL\$26,613,137 and monetary loss of ZWL\$39,177,434,464, resulting in a surplus of ZWL\$20,595,813,270. This signifies a remarkable 703% increase over the previous fiscal year's surplus of -ZWL\$3,416,240,683. Despite the challenging environment, the Trust showcased its ability to navigate uncertainties and deliver positive financial outcomes.

## Trust Performance in 2023

Amidst macroeconomic adversities, the Trust remained steadfast in its commitment to facilitating access to finance for smallholder farmers, women, and youth. Notably, the Trust secured a transformative contract, supported by Sida funding, aimed at empowering 6,000 youth and 5,000 women entrepreneurs over a three-year period. Building on the successes of previous initiatives, such as the African Development Bank Multi-Donor Trust Fund program and its implementing partner the African Guarantee Fund, the Trust continues to spearhead impactful endeavors aimed at fostering economic empowerment across various sectors.

## Outlook

Looking ahead, the Trust remains resolute in its mission to ensure operational sustainability. The recent infusion of US\$2.5 million from the Sida-funded CAUSEWAY Project will significantly bolster our activities over the next three years. Despite the challenges posed by the recent election year, the Trust remains committed to exploring innovative avenues to optimize the value of Treasury Bills and further enhance our portfolio of offerings.

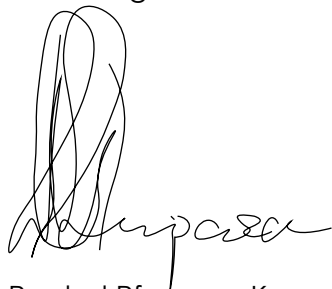
## The Secretariat

Our dedicated Secretariat, under the astute leadership of the Chief Executive Officer, remains instrumental in driving day-to-day operations. As we expand our initiatives, the Secretariat has undergone significant growth, doubling its staff complement to accommodate the demands of new projects, particularly the Sida-funded endeavor. We anticipate further expansion as we pursue additional opportunities for financial inclusion.

## Appreciation

In closing, I extend my heartfelt gratitude to our esteemed stakeholders, including our esteemed funding partners, whose unwavering support has been integral to our success. I also wish to express my profound appreciation to my fellow Trustees, the Secretariat team, and our valued business partners for their dedication and collaboration throughout the year. Your contributions have been invaluable in stabilizing the Trust and advancing our shared vision of sustainable development. As we embark on the journey ahead, I am confident in our collective ability to overcome challenges and achieve greater heights of success. Your continued support remains indispensable, and we eagerly anticipate another year of fruitful collaboration.

Warm regards,



Rachel Pfungwa Kupara

Board Chairperson



### 3 | Message from the CEO



*"We have also managed to link the young entrepreneurs with financial institutions as well as other networks relevant to their lines of business."*

**GODFREY R. CHINOERA**

Chief Executive Officer

The conditions prevailing in the operational landscape during the 2023 financial year closely mirrored those of 2022, particularly concerning the significant macroeconomic factors affecting the agricultural sector. Despite these ongoing challenges, notable initiatives were undertaken by the authorities to address them, yet there remains further work to be accomplished.

The Trust did not manage to secure any additional funds for lending so the ZADT revolving fund size, at US\$11,030,611, largely remained the same as it was in 2022. The Trust co-investments portfolio was characterized by carryover facilities deployed across the fund categories. The portfolio composition still trails below our set medium-term targets with the Treasury Bills still constituting more than 50% of the Fund size.

During the financial year under review the Trust was actively pursuing options to extract value from these Treasury Bills which are now held and managed at the Ministry of Finance and Economic Development.

The Impact Fund, under which deployments target smallholder agribusinesses needs more financial support with the current portfolio standing at 1% against a target of 35%. However, activities under this fund category were significantly buoyed by partnership collaborations. Since 2019, the Co-Investment funding model has cumulatively impacted a total of 5,968 smallholder farmers as at end of 2023.

Notwithstanding the current small size of the impact fund, I am happy to mention that during the year, we managed to post progress through conducting

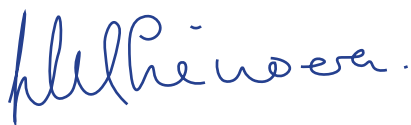
activities which are empowering smallholder farmers comprising of women and youth. We managed to conclude on the mentorship of 50 youths whom we trained in 2022 under the African Guarantee Fund implemented Youth-Led MSME Training and Mentorship Programme. We managed to increase their business knowledge, helped the youth entrepreneurs to prepare and submit loan proposals to financial institutions, assisted some to get access to loans and also improved the earning capacity of their businesses. We have also managed to link the young entrepreneurs with financial institutions as well as other networks relevant to their lines of business.

The Trust successfully sought funding from the Swedish Embassy for the Creating Adaptive Unique Systems for financing Entrepreneurial Women and Youth (CAUSEWAY) project which was signed off in June 2023 and launched in August 2023. The three-year project will capacitate 5,000 women and 6,000 youths on entrepreneurship, financial literacy, preparation of bankable business plans and financial proposals to financial institutions. The project also targets tertiary agriculture students from colleges and universities who will receive small business grants to implement projects under supervision. The launch of the project coincided with the holding of national elections, and this delayed rolling out of the project on the ground. Our inception activities which included partner engagements dominated the remaining part of the year which however saw a total of 68 women and youth entrepreneurs being trained in December under the honey value chain. We look forward to starting the year 2024 in full swing with the training and mentorship activities to meet our year one targets.

The onboarding of the new project saw the Trust increasing its enrolment by 10 members, bringing the total staff complement to 17. The CAUSEWAY Project is headed by a Project Manager with six of the members deployed in six provincial corridors as Business Development Officers.

I am pleased to also mention that in Quarter 1 of 2023 ZADT engaged Bain and Company from Denmark to assist in redefining and detailing out key result area 1 of the approved 2023-2027 strategic plan i.e. Increasing access to finance for smallholder farmers and related agribusinesses, with special focus on women and youth. Among other outputs the company assisted ZADT to build practical tools for strategy execution, develop pitch material for potential donors and project partners; develop project and partner assessment criteria; define training modules and the implementation roadmap.

I would like to take this opportunity to express my profound gratitude to ZADT Trustees for providing all the necessary support and guidance during the 2023 financial year. I also thank our business partners for the support rendered to us during the year. Last but not least, I would like to thank the entire Secretariat Team for the determination and resilience shown during the year under difficult conditions.

A handwritten signature in blue ink, reading 'Godfrey R. Chinoera'.

**Godfrey R. Chinoera**

**Chief Executive Officer**



***“If agriculture goes wrong, nothing else will have a chance to go right.”***

**- M. S. Swaminathan**

# ZADT Report for the period January to December 2023

## 4 | Introduction

In 2023 ZADT was involved in several development projects aimed at improving the livelihoods of smallholder farmers through facilitating access to finance. This annual report presents highlights of these activities for the purpose of informing its key stakeholders on what transpired and how these activities impacted on the targeted clientele. In order to demonstrate sound governance in the operation of planned activities the report presents the audited financial statements for the reporting period

## 5 | The 2023 agricultural season

The 2022/2023 season was characterized by an early onset of the rains in most parts of the country except for the Mashonaland provinces which experienced a rather late onset of the season. The bulk of the cereal crops were therefore planted in November and December. Financing for inputs for the season was anchored on four major programs namely the Presidential Input Support Scheme, the National Enhanced Agricultural Productivity Scheme, Contract farming schemes by private sector agro-value chain players and Self Financing.

Maize production for the season stood at 2,298,281 MT, a 58% increase from the 2021/2022 season. National maize production is dominated by the Communal Area sector, contributing 46%. There were significant increases in sorghum, pearl millet and finger millet production.

## 6 | The ZADT Strategy

The 2023 to 2027 Strategy focusses on five key result areas (KRA) namely increasing access to finance for smallholder farmers and related agribusinesses, with special focus on women and youth; Growing the fund for enhanced service delivery; Building partnerships; Increasing ZADT knowledge, learning and visibility for impact; and Optimising quality of human resources.

In Quarter 1 of 2023 ZADT engaged Bain and Company from Denmark to assist in redefining and detailing out key result area 1 of the 2023-2027 strategic plan to enable the Trust to continue its impact work with smallholder farmers. This involved identifying the role which ZADT should play to be best positioned to deliver lasting impact to target beneficiaries through detailing a sustainable and scalable income model. The company assisted ZADT to build practical tools for strategy execution, develop pitch material for potential donors and project partners; develop project and partner assessment criteria; define training modules and the implementation roadmap.

Given the hyperinflationary operating environment threatening to continue to erode the Trust capital funds, Bain & Company recommended ZADT to pivot its 'development financier' role and pursue a viable path for sustaining own operations. They recommended ZADT to leverage its differentiated advantages as growth vectors to maximise the likelihood of succeeding – key advantages are trusted relations across the agricultural ecosystem, deep understanding of the requirements for financial institutions and smallholder farmers to succeed and the ability to coordinate value chain programmes.

In line with the recommendations from the Strategy review this report presents highlights of how the Trust engaged in capacity building activities or projects as a specialist partner in order to increase access to finance for value chain intermediaries and smallholder farmers under KRA 1. The report also presents how the Trust has fared in efforts to mobilize funds to continue direct financing of value chain intermediaries as per key result area 2.

## 7 | Operating macro-economic environment

An International Monetary Fund (IMF) staff team conducted a staff visit in Harare during October 18–25, 2023 to discuss economic developments and the economic outlook. The team issued a statement after the conclusion of the visit. The statement acknowledged the economy's continued post-COVID 19 recovery which the World Bank pointed out that this made Zimbabwe one of the fastest-growing economies in the Southern African Development Community (2021, 2022, and, so far, in 2023). The IMF noted that Real GDP growth in 2023 was 4.8 percent as a result of strong activity in the mining sector reflecting the beneficial impact of structural reforms—in agriculture and energy sectors. Growth is expected to slow to 3.5 percent in 2024 due to weaker global demand for minerals and a weather-related slowdown in agriculture. A World Bank Economic Update on the Zimbabwe economy released on 13 December 2023 also pointed out that Economic growth was projected to slow to 3.5 percent in 2024, down from 4.5 percent in 2023, as agricultural output is expected to suffer from depressed global growth and the predicted erratic and below-average rainfall caused by the El Niño weather pattern.

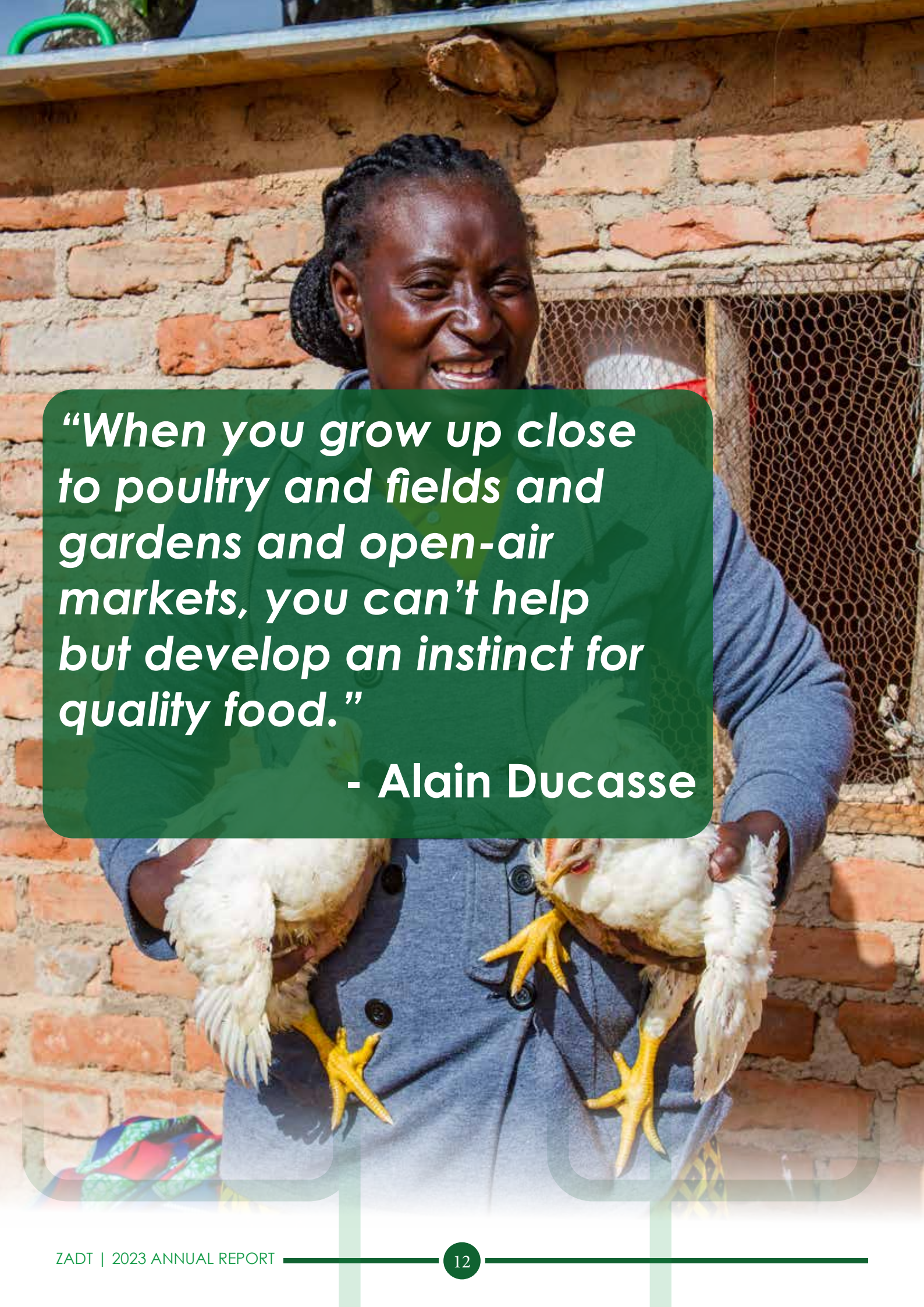
The economic outlook for Zimbabwe will therefore largely depend on progress toward macroeconomic stabilization and structural reforms. The IMF statement acknowledged the abatement in local-currency (ZWL) inflation and exchange rate pressures following significant price increases and exchange rate depreciation in the second quarter of 2023. The Zimbabwean authorities enacted efforts to stabilize the foreign exchange market and lowering inflation through the tightening of ZWL liquidity conditions. Tight fiscal and monetary policies are expected to anchor the growth trajectory of the economy with annual inflation anticipated to close 2024 between 10% and 20%.

The removal of surrender requirements on domestic sales in foreign currency was welcomed by all trading businesses. The announcement by the Government of the plan to transfer foreign currency liabilities from the Reserve Bank to the Treasury was a welcome development. Notwithstanding the efforts made by the authorities to improve the operating environment the parallel foreign currency market premium remained large at above 30 percent, and the local currency inflation remained high.

During the year the Government also extended the use of US dollars as legal tender until 2030, thereby reducing policy uncertainty which was affecting lending by financial institutions.

The IMF reiterated key economic policy reforms which are necessary to fully restore macroeconomic stability. These are.

- Addressing the RBZ's quasi-fiscal operations (QFOs) so as to mitigate liquidity pressures and thus re-anchor inflation expectations. This should be complemented with an enhanced liquidity management framework, including the use of appropriate interest-bearing instruments by the RBZ to mop up excess liquidity.
- A consolidated fiscal stance, including QFOs, should be aligned with the short-term stabilization objectives.
- An urgent need to accelerate the foreign currency market reform, by allowing more flexibility in the official exchange rate through a more transparent and market-driven price discovery; removing the restrictions on the exchange rate at which banks, authorized dealers, and businesses can transact; and further minimizing export surrender requirements.

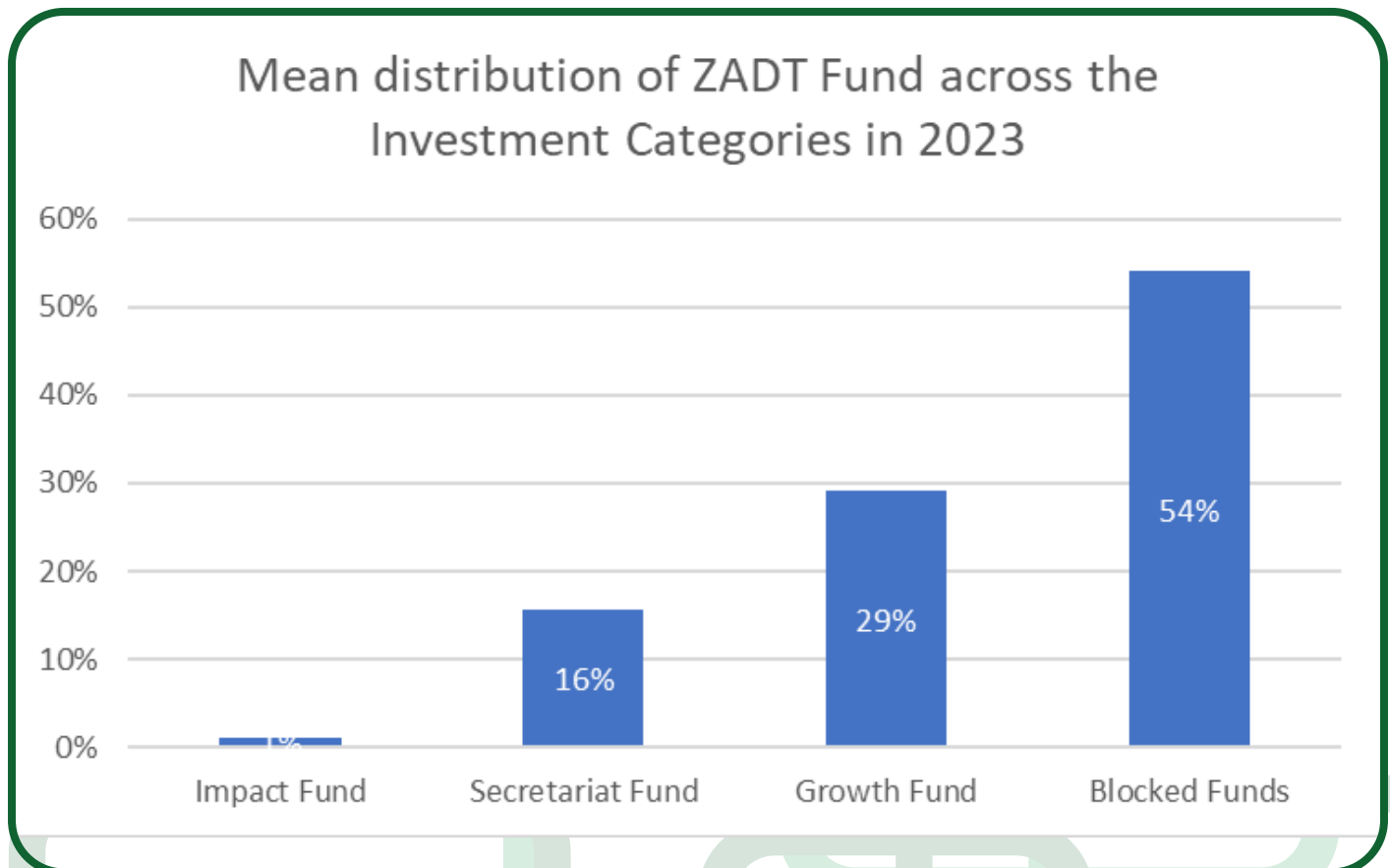
A woman with dark skin and braided hair is smiling and holding two white chickens. She is wearing a blue long-sleeved shirt. The background is a red brick wall with a wire mesh fence visible on the right. The text is overlaid on a green semi-transparent box.

***“When you grow up close to poultry and fields and gardens and open-air markets, you can’t help but develop an instinct for quality food.”***

**- Alain Ducasse**

## 8 | ZADT Fund Portfolio Analysis

As the Trust re-asserts itself to pursue its mandate of supporting smallholder farmers, the Board approved a recovery path in the 2023 – 2027 Strategy which is guiding the deployment of available funds. Funds disbursement is categorized into three namely the Impact Fund, the Growth and the Secretariat Funds. The ultimate target is to have a major portion, 60% of the ZADT Fund deployed under the impact Fund in investments that directly benefit smallholder farmers. Both the Secretariat and Growth funds are targeted to constitute 30% and 10% of the Fund, respectively achieving the sustainability and growth objectives. Figure 1 presents the average distribution of the Fund across these categories during the year.



**Figure 1: Mean distribution of ZADT Fund across the investment categories in 2023**

The bulk of the fund was locked in Treasury Bills at the Ministry of Finance and Economic Development. The strategic objective is to unlock all the value in this category and deploy into investments which benefit target smallholder farmers. Over the 2023 financial year there were no significant changes in the proportion of the Funds deployed in all existing categories.

This is because most of the investments during the year were carried over from the previous financial year. Investments from the Secretariat were mainly to raise income for sustainability of the Trust. The investments were varied and included investments in property, livestock including the stock market. Specific details are presented in the audited accounts section.

The overall fund size remained relatively the same throughout the financial year with a -2% reduction from US\$11,030,611 as at 31 December 2022 to US\$ \$10,799,213.92 as at 31 December 2023. Utilization of the available funds was close to 100%.

## 8.1 - Impact Fund portfolio

The Impact Fund drives the ZADT primary mandate of impacting on smallholder farmers. Activities in this portfolio are funded from ZADT's own resources as well as from partnership engagements. Partnership engagements in 2023 were made up of three carryover projects and one new project. The carryover projects were the AGF funded Youth-Led Training and Mentorship project, the Opportunities for Youth Employment (OYE) co-funded by SNV Netherlands and ZADT, and the Dan Church Aid funded Marirangwe United Bush Dairy Project. A new project called Creating Adaptive Unique Systems for financing Entrepreneurial Women and Youth (CAUSEWAY) funded by Sida was signed off and launched during the year.

The cumulative total number of smallholder farmers linked to supported agribusinesses and smallholder farmers including women and youth since the adoption of the Co-Investment funding model in 2019 increased from 5,913 in 2022 to 5,968 in 2023, representing a 1% increase. The increase was from 68 women and youth beneficiaries who were trained under the CAUSEWAY project at the end of the year. These are part of the 4,000 targeted in year one of the Sida funded project who will undergo a two-stage beneficiation process starting with training before receiving mentorship culminating in accessing finance from financial institutions. We present below a few highlights from some of the partnership projects implemented under the Impact Fund.

### 8.1.1 Youth-Led MSME Training and Mentorship Programme



**Figure 2: Mr. Mashonganyika of RBZ delivering keynote address at the Stakeholder Forum and Closure event.**

Under the African Guarantee Fund Youth-Led MSME Training and Mentorship project financed by the African Development Bank (AfDB) Youth Entrepreneurship Innovation Multi Donor Trust Fund (YEI MDTF) targeting youth startup and growth-oriented MSMEs, ZADT conducted all outstanding activities during the year which were mainly on mentorship of the trained beneficiaries for access to finance. The project was multi-sectoral with Agriculture being one of them. ZADT engaged seven Mentors who took the beneficiaries through a process of preparing business plans and pitching to financial institutions for access to finance.

A Stakeholder forum event was held in June 2023, and this marked the official closure of the programme. Several stakeholders attended the event. The Keynote address by the Reserve Bank of Zimbabwe Deputy Governor was delivered by Mr. Mashonganyika.

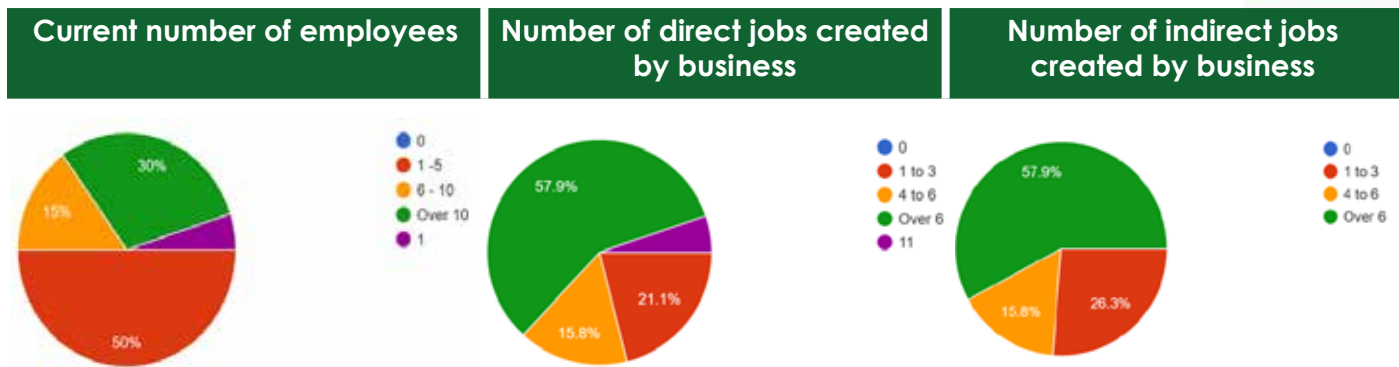
He congratulated and commended the AfDB, AGF and ZADT for successfully implementing the programme. He advised

the young entrepreneurs to invest in knowledge because business is a long-term venture.

Mr. Mashonganyika encouraged the young entrepreneurs to invest in establishing good networking relations with partners such as financial institutions and other development institutions. He highlighted that financial institutions need time to know the MSMEs as credible clients and that there are no "micro-wave solutions" in business.

The following results were obtained at the end of the project both at outcome and impact level.

- 58% of the businesses have created over 6 direct jobs per business.



**Figure 3: Impact of project in creating employment.**

Thirty-seven (37%) of the businesses created between 1 and 6 jobs. These are attributed to the capacity building that was done by the YEI project. An average of 2 jobs were created per mentored MSME. From a baseline average of 5 people employed per MSME this translates into a 40% increase.

- 96.8% MSMEs reported an increase in business knowledge and entrepreneurial skills.
- 39% of sampled MSMEs managed to get loans from financial institutions by the end of December 2023. The rest have largely relied on their own funds or retained profits. In terms of when the loans were accessed 43% of the loans were acquired within the 12-month period to 31 December 2023, whilst 14% were within the last two years which falls within the period where the project had already commenced its capacity building activities on the beneficiaries. Another 43% reported that they had accessed loans more than two years ago.
- The majority, 70%, of the businesses managed to have turnovers of up to US\$100,000 during the period year to December 2023. The rest achieved turnovers which ranged from US\$100,000 to US\$500,000 with 15% grossing over US\$500,000.

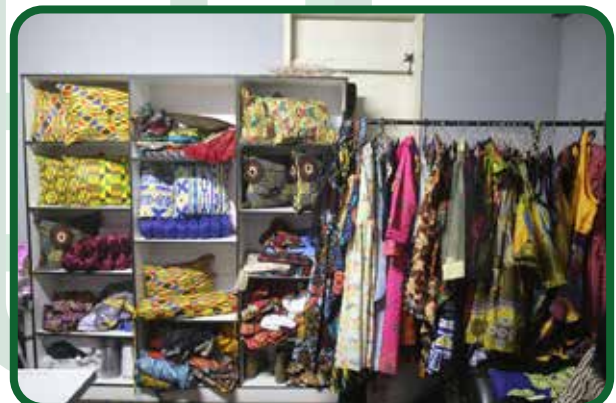
We present below stories of change from a sample of MSMEs who benefited from the programme.

#### ***Stitch by Stitch Towards Success: The Story of Rudo Orpah Makate***

Rudo Orpah Makate – Owner of Rudo Orpah Designs and Couturier is into the sewing business. She started off her entrepreneurial journey with an old, borrowed sewing machine, and faced many struggles as she had no office space, had no solid planning, had poor record keeping and had a few clients. In all these challenges Rudo knew she needed guidance and support.



Rudo Orpah Makate – Owner of Rudo Orpah Designs and Couturier



Stock of finished products at the new premises



One of Rudo's only Marketing Strategies before the program



Rudo's Business Card after the Mentorship Programme

**Figure 4: Rudo Orpah Designs**

Through the ZADT-AGF training and mentorship programme Rudo's business underwent a remarkable transformation. She learnt about business strategy, operational efficiency as well as branding and marketing. She has now re-organized and formalized her business and work schedule to where she now formally works from 9 am to 5 pm with a lunch break. She now works with a to-do list for the day, which guides her on how many garments she must work on that day, when to do fabric and trims, shopping and who to meet etc. Because of her newly adopted recordkeeping practice, she can now easily check if she is making a loss, profit or breaking even.

Rudo now manages her books including cashflows, invoices and receipt books to keep track of how the business is running. Since she started on the programme her business performance improved and she managed to buy a new sewing machine from her savings.

*"My mentor believed in me more than I believed in myself. I was working from home in Chitungwiza when I started the program, but my mentor helped me to see beyond my small operations. One of the key things I learnt from my Mentor through the training and mentorship programme was on how to identify my clientele. This led me to move from working at home, 25km out of town, to the Harare Central Business District where things then started happening"* said Rudo.

Again, she had this to say,

*"I was completely raw when I joined the program and was feeling hopeless after my business failed to take off in Botswana and had to come back home. I had a few customers because I only used a small signage by my gate and WhatsApp statuses as marketing. I now have more clients because I now know how to market my business on different platforms. I now have business cards which I always move around with for potential clients. The YEI Training and Mentorship Programme also helped me to grow my social capital through networking opportunities."*

With all these developments, Rudo Orpah Designs has since experienced rapid growth, securing contracts with influential individuals in Harare as well as local boutiques while gaining recognition for its creative yet sustainable approach to fashion. The niche for Rudo Orpah Designs is women's wear and Rudo aspires for her organization to grow to a level of creating employment for the youths.

#### (i) **A Tale of Digital Success for Tinashe Sigauke of SHEI-T Studio Private Limited**

In the early days of his business, Tinashe Sigauke faced challenges that were all too familiar to many entrepreneurs – no financial literacy, no guidance from experts in the industry, no social networks, and poor business and financial management. His business was slowly stagnating and was almost on the verge of giving up when he heard about the Youth-Led MSME Training and Mentorship initiative implemented by AGF with funding from the AfDB YEI MDTF and facilitated in Zimbabwe by ZADT.



*Tinashe Sigauke- DIRECTOR- SHEI-T Studio Private Limited*



*SHEI-T designer working on a client shop*

**Figure 5: SHEI-T Studio Pvt Ltd**

Through the training and mentorship Tinashe was capacitated in several areas which includes strategic planning, business strategy development, marketing, digital skill enhancement as well as networking opportunities. Tinashe also learned the importance of effective financial management and better financial tracking and budgeting, which significantly improved his company's financial stability.

*"We were Empowered as a Business," said Tinashe. "My journey from a struggling startup owner to a thriving entrepreneur is testament to the power of mentorship and support from programs such as the YEI MDTF mentorship program implemented by ZADT. Having mentors is crucial for every entrepreneur and success is never achieved in isolation."*

Through guidance from ZADT on bankable business proposal writing, Tinashe was able to access US\$10,000 from a local financial institution to propel his business further. Tinashe's digital agency is experiencing remarkable growth as their revenue increased from US\$5,000 to \$10,000 USD per month and they were able to expand their client base. SHEI-T Studio is now registered with Zimbabwe International Trade Fair (ZITF) Suppliers and the Procurement Regulatory Authority of Zimbabwe (PRAZ). This has assisted him in winning major corporate tenders. As part of his achievements, Tinashe has also managed to work with big brands such as NetOne, ZIMRA, National Building Society and Pro- Plastics.

## (ii) **Chipshow Tours – A tale of successful shuttling**

The passion to start a business grew when Talent Mapungwana learnt about entrepreneurship at university but his road to success was littered with discouraging failures. He tried to open a Cancer Treatment Centre then an Outdoor Digital Marketing company, but both failed to take off before he ventured into the transport sector where he registered a bus and car hire company, Chipshow Tours Pvt Ltd, now trading as Chipshow Tours.

Talent started this transport business journey as a side hustle operating a commuter omnibus which he then upgraded to a 32-seater bus. He funded the business through personal savings and a loan from the bank. The bus primarily operated long-distance routes between Harare and Mutare, occasionally accommodating private hires. However, in response to the growing demand for shuttle services due to the onset of Covid-19, there was a notable surge in requests from companies for their staff, leading to the eventual sub-hiring of additional vehicles. As the workload continued to increase, Talent and his wife then quit their formal employment to concentrate on their business. Opportunities started opening up as they expanded their services to cater for special clientele such as churches, schools and companies.

Talent admitted that he lacked knowledge and skills needed to perform competitively in the sector. The opportunity to enroll in the YEI MDTF Youth-Led Training and Mentorship came as a welcome relief to address the areas which needed to be beefed up. At the commencement of the mentorship phase Talent and the Mentor conducted a profiling exercise of the current status of the business and identified major gaps among which were as follows:

- No policies and procedures in place e.g., human resources policy, no job descriptions, no employment contracts.
- Financial statements were being prepared internally without external oversight.
- No business plan in place.
- No strategy for capturing the diasporan market.
- No fleet diversification to cater for the different client classes.
- Loose tenant arrangements.

Through the training exposure and the mentoring, Talent learned the art of budgeting, cash flow management, how to write a business plan, human resource management, developing company policies and procedures and strategic planning. With these newfound skills, he began to take better control of his business finances. Chipshow's turnover grew from \$10,000/month to between \$35-40,000/month.

*"The training and mentorship program equipped me with knowledge and skills of how to manage a business, Operations & Financial Management in particular. We were also taught on how to prepare a bankable business plan and how to approach financial institutions", reflected Talent. "The way we managed our records, employees and operations greatly improved because of the training. Our fleet and services are growing remarkably."*

The mentor provided valuable insights, offered guidance on expanding his fleet, and taught him the intricacies of the transportation industry. Talent began to see opportunities where he had not before. He diversified his services, adding cars to his fleet to meet a wider range of customer needs. During the three-month Mentorship program period Talent added two more buses bringing the total to six. His main services expanded to car and bus hire, taxi/shuttle services, hotel & airport transfers, educational and holiday trips, and chauffeur services. With better customer care the company also incorporated feedback from clients on how to improve their service offering and this is helping to profile Chipshow Tours' reputation for reliability and excellent customer service.



**Talent Mapungwana- Owner of Chipshow Pvt Ltd**



**ChipShow Tours rented premises**



**Part of the Chipshow Tours Fleet**



**The Chipshow Tours Team in their corporate wear**

**Figure 6: Chipshow Tours**

Talent's success has also created job opportunities as he grew his team from 6 to 12 employees including drivers and he has become an inspiration to others in his industry.

*"In terms of our plans we want to double our fleet in order to continue growing the business hence we are now at a stage where we need financing. With the knowledge we got from the Programme we are now in the process of writing a business plan to submit to the bank for finance", said Talent with a hint of excitement.*

Addressing the participants virtually from Nairobi at the official closure of the programme in June 2023, Mr. Patrick Lumumba, the Group Director responsible for Capacity Development congratulated ZADT for a job well done notwithstanding all the challenges faced. He also thanked the mentors for their commitment and job well done, noting the very short mentorship period. He commended the Reserve Bank of Zimbabwe and the financial institutions under its jurisdiction for the support provided throughout the programme and encouraged them to continue seeking innovative ways to support Youth MSMEs. He implored the start-up businesses and MSMEs to be patient, stay focused and warned them when they access finance, to use it prudently and repay in time which will prop up their credibility and creditworthiness among financial institutions.

## 8.1.2 The CAUSEWAY Project

Under the strategic partnership initiative ZADT designed a three-year project which was funded by The Embassy of Sweden. The project known as Creating Adaptive Unique Systems for financing Entrepreneurial Women and Youth (CAUSEWAY) aims at capacitating more than 11,300 women and youth-led agribusiness beneficiaries through training and mentorship in financial literacy, entrepreneurship, business planning and proposal writing and mentorship. After the training the project will mentor the target women and youth-led agribusinesses to help them unlock finance for upscaling their businesses.

The project has four main key result areas where Key Result Area 1 and 2 aims to capacitate 5,000 and 6,000 women and youth-led agribusinesses respectively with training in financial literacy, business planning, hands-on technical support and business advisory support, and linked to financial institutions for funding consideration for their businesses. Key Result Area 3 aims at providing startup capital grants to at least 300 students at agricultural tertiary education institutions to implement income-generating Agri-projects. Under Key Result Area 4 the project aims to enhance the lending capacity of at least 4 commercial banks and 6 microfinance institutions to provide financial services to youth and women-led start-up and growth-oriented agribusinesses.



**Figure 7: The ZADT CEO, Godfrey Chinoera and Deputy Swedish Ambassador, Dr. Berthollet B. Kaboru signing the CAUSEWAY Agreement at the Launch Event**

The project was approved and signed up in June 2023 and officially launched in August 2023. Several stakeholders were invited and attended the event, which was held at The Venue in Avondale, Harare. The Inception Phase of the project was rolled out to 31 December 2023. Activities during this period included recruitment and deployment of project staff, engagement of key stakeholder partners, and procurement of key project assets. Before the end of the inception period in December 2023, the CAUSEWAY project managed to conduct pilot trainings to a total of 32 women (aged 36-65 years) in Chimanimani who are involved in the honey production, processing, and marketing value chain. ZADT trained these honey producers at the recommendation of Sweet Maungwe Pvt Ltd, an off taker, aggregator, processor and exporter of pure honey and value-added honey.



**Figure 8: Beneficiary women and youth undergoing training in Chimanimani**



Some of the engaged participants during day 1 training at Tsuru Trust Offices, Chimanimani. On the left: A young mother attentively takes notes with her baby securely tied to her back. On the right: Female participants engage in a discussion on the gender barriers to access to finance for women in Chimanimani.



Some of the engaged participants during day 2 training in Rusitu, Chimanimani.

## **Cultivating Resilience: Lydia's Story on Overcoming Agricultural Challenges with CAUSEWAY**

Youths in Zimbabwe face a variety of challenges, including unemployment, environmental hardships and forced mobility due to limited opportunities, in the backdrop of a struggling economy. The struggle related to access finance adds another layer of complexity, impeding their entrepreneurial aspirations and financial independence. At the age of 19, Lydia Manatse has not been immune to the impacts of these challenges as she emerges as a maize grower in Manicaland.

Lydia, like many other young farmers, faces significant obstacles to accessing finance for the commercialisation of her enterprise, limiting her entrepreneurial ambitions. Limited collateral, insufficient banking and credit history, as well as stringent requirements for lending are severe barriers for young entrepreneurs seeking financial assistance. Furthermore, high interest rates, economic instability, and a lack of financial literacy

***“One day I will become a successful and respected farmer within my community.”***

**Lydia Manatse (19)- Maize Grower.**



**Figure 9: A young girl, Lydia Manatse, whose life has been impacted by the project.**

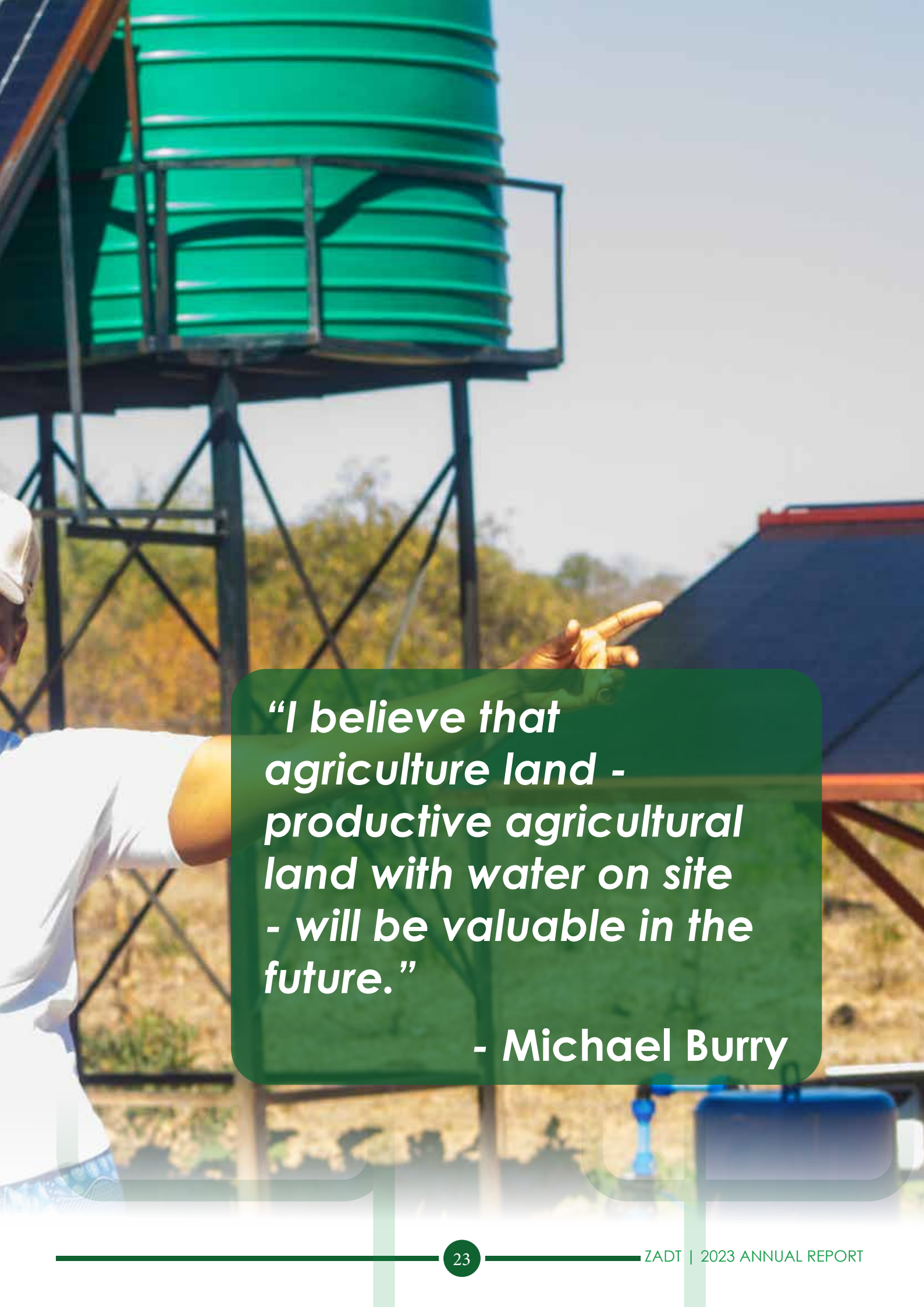
makes it difficult for young people to obtain loans from formal financial institutions or make investments. The lack of customised financial products and mentorship programmes further limits their ability to successfully navigate the financial landscape.

***“There have been times when I have almost given up on farming because of the challenges I come across. I fail to buy adequate inputs such as fertilizer, pesticides etc for my crop hence I failed to have good harvests that is adequate to make sufficient profits”, stated Lydia.***

Under the CAUSEWAY program, Lydia and many other youths are being capacitated in financial literacy and business planning and mentoring, availing business incubation funding for youths and direct co-investment funding to women and youth-led agribusinesses. After undergoing the training phase Lydia had this to say:

***“Now that I understand how to better manage my financials and how to write a business proposal, I am hoping that I can access funding to then increase my earnings. One day I will become a successful and respected farmer within my community.”***





***“I believe that  
agriculture land -  
productive agricultural  
land with water on site  
- will be valuable in the  
future.”***

**- Michael Burry**

## 9 | Trust Governance

### 9.1 Board of Trustees

A Board of Trustees carries the mandate to superintend over the ZADT assets. During 2023 there were six members making up the ZADT Board. This Board was made up of three women and three men. There were no changes to the Board in terms of composition and number.

Due oversight to the Secretariat was provided by this Board to ensure the Trust maintained focus in executing its mandate. Table 1 presents the members of the Board of Trustees in 2023 and their brief profiles.

**Table 1: ZADT Board of Trustees in 2023**



#### **Rachel Kupara: Board Chairperson**

Rachel is a Chartered Accountant with vast experience in the Financial Services Sector where she has worked for various companies at senior management positions, in the Insurance and Banking; Agriculture & Agro-processing and manufacturing industries.

She has served on the Boards of several big Corporates. Currently she sits on boards of BAT Zimbabwe Limited, Dairibord Holdings Limited, Financial Securities Exchange (Finsec) as Chair, First Mutual Wealth Management, and Zimbabwe Insurance Brokers.



#### **Faith Chipiwa Mberi: Board Member**

Faith is the Managing Consultant of Novelsol Consulting; specialists in transfer pricing and other tax services - a business she founded in 2017. She holds an MBA from GIBS and is a qualified Chartered Accountant. Faith is a seasoned business advisory consultant with over 13 years local and international experience in tax matters, financial advisory, international financial reporting corporate strategy, corporate accountability, and risk management among others.

Mrs. Mberi recently served as a Trustee of Zimplats and the Mhondoro Ngezi Chegutu Zvimba Community Share Ownership Trust. She also served as a Board Member of Sable Foods.



#### **Tawanda Namusi: Board Member**

Tawanda is the Chief Executive Officer of Interfresh. He is a Chartered Accountant with considerable knowledge and experience in the financial services sector accumulated over a period spanning over 12 years. He has worked in the Meat, Horticulture and Assurance Sectors in both the local and international markets.

His core strengths include capital raising, business reorganizations, strategic planning and monitoring, international financial reporting, internal controls, and corporate governance among other skills sets. Before joining Interfresh Tawanda was the Chief Financial Officer at Blue Agri.



### **Leif Reeckmann: Board Member.**

Leif is a Danish national equipped with a background in farming, dairy, transport, and logistics. He currently is the Managing Director of Kefalos Cheese Products (Pvt) Ltd, a company he joined in 1997 as a Production Manager and rose through the ranks. Leif encapsulates a hands-on principle whose management approach is very unconventional and elicits self-actualization in his peers and subordinates, encouraging them to be out of the box thinkers and decision makers.



### **Kennedy Mugochi: Board Member**

Kennedy is an experienced Development expert whose career spans close to twenty years. Areas of expertise includes Programme/project management; development and implementation of complex multi-stakeholder initiatives; Human rights research and documentation; Local and international human rights and governance lobby and advocacy; Project monitoring and evaluation; Proposal writing and fundraising; Grant making and Team management. He is currently employed by HIVOS Foundation as the Regional Director for East Africa based in Kenya. Previously he was the Regional Director for Hivos Southern Africa. He holds a Doctorate in Development Studies.



### **Lucy Fulgence Silas: Board Member.**

Lucy is an international development professional with over 20 years' experience in management, consultancy, and leading development programs in the NGO sphere in East and Southern Africa. Lucy's areas of expertise include strategic planning, improving operational efficiencies, project management, stakeholder engagement, operations management, donor engagement and management, and budgeting. She joined SNV Tanzania in 2017 as Deputy Country Director.

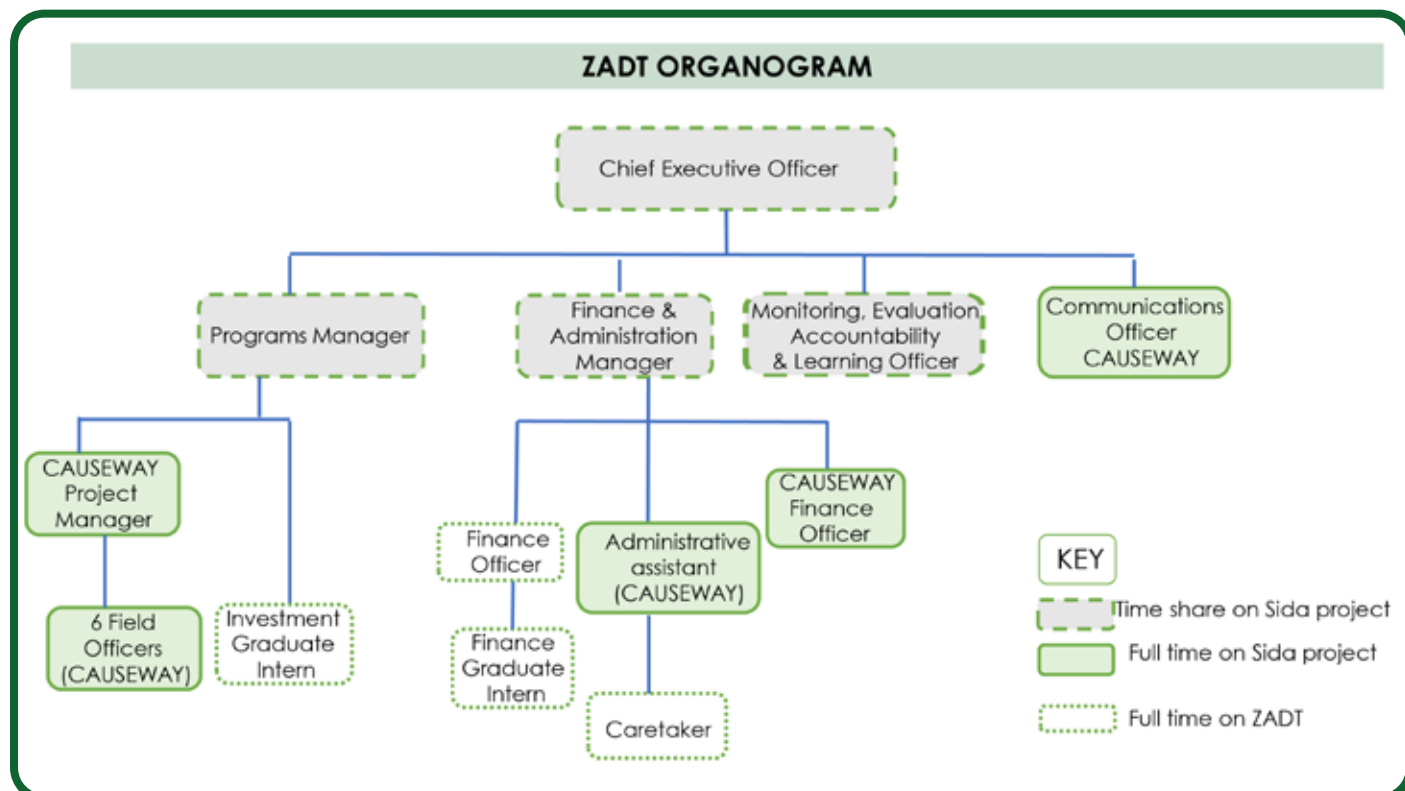
Prior to joining SNV, Lucy was Country Director of D-tree international for 8 years where she provided strategic leadership to the Tanzania and Malawi offices. Her work experience covered a variety of sectors including women and youth economic empowerment, health, enterprise development, agriculture, renewable energy and Water and Sanitation. She sits on various Boards and consultative committees at national and regional levels with not-for-profit institutions and organizations. Lucy holds a Bachelor of Science Degree in Biology and an MBA from the University of Phoenix, USA. She is currently the Country Representative for Zimbabwe and Zambia.



### **Godfrey Chinoera: Chief Executive Officer**

Godfrey is a seasoned development expert with many years of experience in strategic planning, programme management, partnership engagement and fund raising and management for the benefit of disadvantaged communities such as smallholder farmers, women, and youth. His expertise overlays the several years that he spent working in the financial services sector where he was involved in development banking focusing on agribusiness, project financing, advisory and trade financing structures. He is employed as CEO at ZADT where he heads the Secretariat which he was hired to establish in 2013 and is responsible for the development and execution of the corporate strategy of the Trust. He also ensures effective monitoring and management of corporate principal risks that the Trust faces. He holds a Bachelor of Science (Hons) Degree in Agriculture, a Post-Graduate Diploma in Management and a master's in business administration (MBA) degree.

## 9.2 ZADT Secretariat



**Figure 10: The ZADT Secretariat Organogram**

The Secretariat is headed by the Chief Executive Officer who reports to the Board. It runs the day-to-day operations of the Trust as an autonomous management body. Organisationally the Secretariat is made up of four units namely Investments, Finance and Administration, and Monitoring Evaluation Accountability and Learning and Communications as presented in the Organogram in Figure 10. These units are headed by Officers who report directly to the Chief Executive Officer. Following the approval and launch of the three-year CAUSEWAY project the Secretariat recruited ten members of staff. This had the effect of expanding the Organogram to accommodate the additional staff, See Figure 10 for the various staff members and their roles.





**GODFREY RURAMAI CHINOERA**  
Chief Executive Officer



**FORTUNATE VENGESAI**  
Programmes Manager



**PHILLIPA MUKWENHA**  
Finance & Admin Officer



**MORRIS MUDIWA**  
MEAL Officer



**PEDZISAI NEMADZIVA**  
Project Manager



**KAREN MATURURE**  
Communications Officer



**CHRISTOPHER KANYENGA**  
Finance Officer



**LISA MAREVESA**  
Finance Officer



**BENHILDA CHIWIWA NKOMO**  
Business Development  
Officer (Masvingo)



**MANENJI CHAKANYUKA**  
Business Development Officer  
(Manicaland)



**BEAUTY NARE**  
Business Development  
Officer  
(Masvingo)



**CLAYTON CHIDEWU**  
Business Development  
Officer  
(Mashonaland East)



**PRECIOUS NEMUTENZI**  
Business Development  
Officer (Midlands)



**QHELANI MOYO**  
Business Development Officer  
Matabeleland South/Bulawayo



**KUMBIRAI TARANGENYI**  
Administration Assistant



**RUFARO CHANAKIRA**  
Investments Intern



**SHARON MUZVIDZWA**  
Finance Intern



**LEONARD MAZIYO**  
Gardener

**Figure 11: ZADT Secretariat Staff Members and their roles**

**ZADT**

Zimbabwe Agricultural  
Development Trust

# 10 | Financial Statements for the year ended 31 December 2023



## 10.1 General Information

<b>Country of Incorporation and Domicile</b>	Zimbabwe
<b>Nature of Business and Principal Activities</b>	Provision of access to finance and related capacity building services to smallholder farmers and other agricultural value chain actors whose businesses directly or indirectly benefit smallholder farmers.
<b>Board of Trustees</b>	Rachel Pfungwa Kupara (Chairperson) (Appointed in May 2020) Leif Reeckmann (Reappointed in January 2023) Tawanda Namusi (Reappointed in May 2023) Faith Chipiwa Mberi (Reappointed in May 2023) Lucy Fulgence Silas (Appointed in January 2021) Kennedy Mugochi (Appointed in September 2020)
<b>Registered Office</b>	Zimbabwe Agricultural Development Trust 44 The Chase Mt Pleasant Harare
<b>Business Address</b>	Zimbabwe Agricultural Development Trust 44 The Chase Mt Pleasant Harare
<b>Bankers</b>	Standard Chartered Bank Ecobank Stanbic Bank
<b>Auditors</b>	Nolands Harare Chartered Accountants Registered Auditors No.7 Glenara Avenue South Eastlea Harare
<b>Attorneys</b>	V Nyemba and Associates Legal Practitioners 6th Floor Beverly Court 100 Nelson Mandela Avenue Harare  Danziger and Partners Legal Practitioners 5th Floor First Mutual Building Corner 9th Avenue and Jason Moyo Bulawayo
<b>Secretariat</b>	Ruramai Godfrey Chinoera - Chief Executive Officer Fortunate Vengesai - Investment Manager Morris Mudiwa - MEAL and Risk & Compliance Officer Phillipa Mukwenha - Finance and Administration Manager
<b>Main Funders</b>	Danish International Development Agency ("DANIDA") Foreign Commonwealth Development Office ("FCDO") Ford Foundation DanChurchAid ("DCA")
<b>Preparer</b>	Phillipa Mukwenha [Finance and Administration Manager]

## 10.2 Index

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Independent Auditor's Report	33-34
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Statement of Surplus or Deficit and Other Comprehensive Income	36
Statement of Changes in Reserves	37
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Accounting Policies	39-50
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## 10.3 Trustees' Responsibilities and Approval

The Board of Trustees is responsible for the preparation, presentation and integrity of the financial statements and all the information contained in the report. The information contained in these financial statements has been prepared in accordance with the accounting policies described in note 2 of the financial statements and they incorporate full and responsible disclosure to ensure that the information contained therein is both reliable and relevant.

The Board of Trustees is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel, with an appropriate segregation of authority and duties. Nothing has come to the attention of the Trustees to indicate that a material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The Trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

These financial statements are prepared on the going concern basis. Nothing has come to the attention of the Board of Trustees to indicate that the Trust will not remain a going concern for the foreseeable future.

The Trustees have reviewed the Trust's cash flow forecast for the year to 31 December 2024 and, in light of this review and the current financial position, they are satisfied that the trust has or had access to adequate resources to continue in operational existence for the foreseeable future.

The Trust's independent auditor, Nolands Chartered Accountants (Zimbabwe), has audited the financial statements and their report appears on page 33-34.

"The financial statements set out on pages 35 to 63, which have been prepared on the going concern basis, were approved by the Board of Trustees on 08/08/2024 and were signed on its behalf by:



**Rachel Pfungwa Kupara**

[Board Chairperson]



**Ruramai Godfrey Chinoera**

[Chief Executive Officer]

## 10.2 Trustees' Governance Report

In accordance with good corporate governance principles, the Board of Trustees assumes the role of steward with responsibility for fulfilling the developmental mandate of ZADT.

The size and composition of the Board of Trustees are stipulated in the Trust Deed allowing for a maximum of eight members. Of these, three of the members are appointees representing founders and investors/donors: one from SNV, another from Hivos, and the third representing Donors/Investors. The Trust's Chief Executive Officer (CEO) serves as an ex officio with the remaining four members being independent Zimbabwean Trustees. The Chairperson is appointed by the founders and investors/donors of the Trust. Trustees are ineligible for re-election after six years of service. In 2023 there were no changes to the ZADT Board.

### Board Committees

The Board has retained certain matters for its exclusive mandate and has delegated authority for specific issues to three committees namely: Investments, Human Resources (HR), and Audit, Risk and Compliance. Each committee operates under formal Terms of Reference which are subject to annual review. These committees oversee and report on key risks, opportunities, operational, financial, and non-financial aspects of the Trust's activities.

#### Investment Committee

The Investment Committee conducts thorough due diligence on potential beneficiaries of the ZADT Fund for transactions beyond Management's discretion. It evaluates Management's proposals for changes to the investment policies and presents recommendations to the Board for approval. The Committee monitors the quality of the investments portfolio, assesses default risks stemming from internal and external factors affecting investee businesses, tracks investment exposures against policy limits and risk appetite, and evaluates the overall performance of the ZADT Fund. Where special expertise is required that is beyond the Trust's resources, the Committee may engage external resources with Board approval to evaluate investment opportunities.

#### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee continuously assesses the Trust's exposure to significant risks and evaluates responses. It reviews the adequacy of internal financial and operational controls; assesses accounting policies and financial information, the performance of internal and external auditors, recommends the appointment of the external auditors, and proposes their fees for approval by the Board of Trustees.

#### Human Resources Committee

The Human Resources Committee supports the Board in recruiting the CEO, assists the CEO in recruiting the Senior Management Team reporting directly to them. It serves as an independent body recommending policies, practices and remuneration for the CEO and their staff, ensuring objectivity and fairness in human resources matters.

### Acknowledgements

I would like to express my deep gratitude to the Swedish International Development Cooperation Agency (Sida) for their generous grant of US\$2.5m in 2023. Sida joins other funders such as the Danish International Development Agency (DANIDA), Foreign Commonwealth Development Office (FCDO), The Ford Foundation and DanChurchAid (DCA) that have enabled the Trust's past achievements. Our funders and partners are indispensable to our success, and we deeply appreciate their continued support and collaboration.

A handwritten signature in black ink, appearing to read 'Rachel P Kupara', is written over a light green background.

Rachel P Kupara

Board Chairperson

## 10.3 Independent Auditor's Report

7 GLENARA AVENUE SOUTH | Cnr Samora Machel Avenue | Eastlea | Harare | Zimbabwe  
 PO Box CY1063 | Causeway | Harare | Zimbabwe  
 T +263 (04) 481037/9 F +263 (04) 495225 E enquiries@nolandshre.co.zw  
 W www.nolands.co.zw

**Nolands**  
 NOT YOUR ORDINARY AUDITORS

### To the members of Zimbabwe Agricultural Development Trust

#### Qualified Opinion

We have audited the accompanying financial statements of **Zimbabwe Agricultural Development Trust**, which comprise of the Statement of Financial Position as at 31 December 2023, and the Statement of Surplus or Deficit and Other Comprehensive Income, Statement of Changes in Reserves and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and the explanatory notes as set out on pages 51 to 63.

In our opinion, except for the matters highlighted in the basis of qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Zimbabwe Agricultural Development Trust, as of 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the provisions set out on accounting policy 2.1.

#### Basis for Adverse Opinion

##### Comparative information and Opening balances

The prior year financial statements for the year ended 31 December 2022 had an Adverse opinion basing on unaudited investment in unlisted shares. Due to this, the opening balances for Investment in unlisted shares as of 1 January 2023 and 2022 contain misstatements that materially affect the current period's financial statements of the Trust, and the effects of the misstatements are not appropriately accounted for. Since the opening balances as of 1 January 2023 and 2022 entered into the determination of the financial performance, changes in reserves and cash flows for the financial year ended 31 December 2023, adjustments might have been necessary in respect of the current year financial statements of the Trust.

Inflation adjusted amount for investment in unlisted shares in terms of Financial Reporting in Hyperinflationary Economies, was arrived at basing on a misstated balance, consequently, corresponding balances on the inflation adjusted Statement of Surplus or Deficit and Other Comprehensive Income, the inflation adjusted Statement of Financial Position, the inflation adjusted Statement of Changes in Reserves, and the inflation adjusted Statement of Cash Flows remain misstated and this also impacts comparative figures. The comparability and misstatements' effects have not been quantified.

We conducted our audit in accordance with International Standards on Auditing. 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 Trust in accordance with the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The management is responsible for the preparation and fair presentation of these financial statements in

accordance with provisions set out on accounting policy 2.1, and requirements of the Private Voluntary Organisation Act (17:05), and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

### **Auditors' 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 International Standards on Auditing 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 skepticism 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 controls.
- Obtain an understanding of internal controls 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 Trust's internal controls.
- 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 Trust'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 Trust 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.

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.

A handwritten signature in black ink, appearing to read 'Noldes', is written over a horizontal line.

**Noldes Chartered Accountants**

08/08/2024

**Date**

# Statement of Financial Position

for the year ended 31 December 2023

## Statement of Financial Position

Figures in ZWL Dollars	Note(s)	Inflation adjusted		Historical	
		2023	2022	2023	2022
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property and equipment	4	3,200,093,011	2,267,311,158	3,200,093,011	404,039,526
Investments in equities	5	28,439,474,534	8,560,112,075	28,439,474,534	1,850,412,213
Trade and other receivables	6	-	5,172,331	-	1,075,329
Financial assets	7	33,222,223,399	17,446,634,517	33,222,223,399	3,627,158,943
		<b>64,861,790,944</b>	<b>28,279,230,081</b>	<b>64,861,790,944</b>	<b>5,882,686,011</b>
<b>Current Assets</b>					
Trade and other receivables	6	3,643,916,818	195,791,268	3,643,916,818	40,705,045
Financial assets	7	1,103,968,069	1,878,406,436	1,103,968,069	367,980,626
Cash and cash equivalents	8	1,863,326,686	513,774,409	1,863,326,686	106,813,806
		<b>6,611,211,573</b>	<b>2,587,972,113</b>	<b>6,611,211,573</b>	<b>515,499,478</b>
<b>Total Assets</b>		<b>71,473,002,517</b>	<b>30,867,202,194</b>	<b>71,473,002,517</b>	<b>6,398,185,489</b>
<b>Reserves and Liabilities</b>					
<b>Reserves</b>					
Revaluation reserve		3,229,994,914	3,750,077,916	3,229,994,914	412,359,178
Accumulated fund		34,161,639,335	13,565,826,065	44,688,910,280	3,163,292,407
		<b>37,391,634,250</b>	<b>17,315,903,981</b>	<b>47,918,905,194</b>	<b>3,575,651,585</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Revolving fund	9	33,925,530,451	13,290,334,182	23,398,259,507	2,763,063,240
Trade and other payables	10	155,837,816	260,964,031	155,837,816	59,470,664
<b>Total Liabilities</b>		<b>34,081,368,267</b>	<b>13,551,298,213</b>	<b>23,554,097,322</b>	<b>2,822,533,904</b>
<b>Total Reserves and Liabilities</b>		<b>71,473,002,517</b>	<b>30,867,202,194</b>	<b>71,473,002,517</b>	<b>6,398,185,489</b>

The financial statements set out on pages 35 to 63, which have been prepared on the going concern basis, were approved by the Board of Trustees on 08/08/2024 and were signed on its behalf by:



Rachel Pfungwa Kupara  
[Board Chairperson]



Tawanda Namusi  
[Board Audit, Risk & Compliance  
Committee Chairperson]

# Statement of Surplus of Deficit & Other Comprehensive Income

for the year ended 31 December 2023

Figures in ZWL Dollars	Note(s)	Inflation adjusted		Historical	
		2023	2022	2023	2022
Revenue	11	1,306,553,273	139,015,607	743,905,076	78,544,436
Other operating gains	12	62,899,388,037	14,127,659,806	43,923,963,466	2,937,143,411
Other operating expenses	13	(4,406,080,257)	(736,584,645)	(3,129,102,418)	(153,136,101)
<b>Operating surplus</b>		<b>59,799,861,053</b>	<b>13,530,090,767</b>	<b>41,538,766,124</b>	<b>2,862,551,746</b>
Monetary (loss) / gain		(39,177,434,646)	(16,930,285,158)	-	-
Finance costs	13	(26,613,137)	(16,046,291)	(13,148,251)	(2,131,045)
<b>Surplus / (deficit) for the year</b>		<b>20,595,813,270</b>	<b>(3,416,240,683)</b>	<b>41,525,617,873</b>	<b>2,860,420,701</b>
<b>Other comprehensive income:</b>					
Revaluation surplus	4	(520,083,002)	1,766,630,270	2,817,635,736	367,282,800
<b>Other comprehensive income for the year</b>		<b>(520,083,002)</b>	<b>1,766,630,270</b>	<b>2,817,635,736</b>	<b>367,282,800</b>
<b>Total comprehensive income for the year</b>		<b>20,075,730,269</b>	<b>(1,649,610,412)</b>	<b>44,343,253,609</b>	<b>3,227,703,502</b>

# Statement of Changes in Reserves

for the year ended 31 December 2023

Figures in ZWL Dollars	Revaluation Reserve	Accumulated Fund	Total Reserves
<b>Inflation adjusted</b>			
Balance at 01 January 2022	1,983,447,646	15,215,436,477	17,198,884,123
Surplus for the year	-	(1,649,610,412)	(1,649,610,412)
Other comprehensive income	1,766,630,270	-	1,766,630,270
Total comprehensive income for the year	1,766,630,270	(1,649,610,412)	117,019,858
Balance at 31 December 2022	3,750,077,916	13,565,826,065	17,315,903,981
Surplus for the year	-	20,595,813,270	20,595,813,270
Other comprehensive income	(520,083,002)	-	(520,083,002)
Total comprehensive income for the year	(520,083,002)	20,595,813,270	20,075,730,268
Balance at 31 December 2023	3,229,994,914	34,161,639,335	37,391,634,250
<b>Historical</b>			
	Revaluation Reserve	Accumulated Fund	Total Reserves
Balance at 01 January 2022	45,076,378	302,871,706	347,948,083
Surplus for the year	-	2,860,420,701	2,860,420,701
Other comprehensive income	367,282,800	-	367,282,800
Total comprehensive income for the year	367,282,800	2,860,420,701	3,227,703,502
Balance at 31 December 2022	412,359,178	3,163,292,407	3,575,651,585
Surplus for the year	-	41,525,617,873	41,525,617,873
Other comprehensive income	2,817,635,736	-	2,817,635,736
Total comprehensive income for the year	2,817,635,736	41,525,617,873	44,343,253,609
Balance at 31 December 2023	3,229,994,914	44,688,910,280	47,918,905,194

# Statement of Cash Flows

for the year ended 31 December 2023

	Notes	Inflation adjusted		Historical	
Figures in ZWL Dollars		2023	2022	2023	2022
Cash flows from operating activities					
Surplus / (deficit) for the year		20,595,813,270	(3,416,240,683)	41,525,617,873	2,860,420,701
Adjustments for:					
Depreciation and amortisation	4	22,173,829	29,884,335	16,242,251	6,212,960
Fair value gains	12	(34,866,827,164)	(8,310,651,408)	(26,651,197,534)	(1,727,786,156)
Inflation adjustments		(1,539,835,297)	(9,061,950,817)	-	-
Exchange gains	12	(19,404,822,595)	(5,510,551,288)	(11,313,413,719)	(1,145,644,758)
Finance costs	13	26,613,137	16,046,291	13,148,251	2,131,045
Leave pay		65,476,791	6,149,589	42,609,109	1,278,501
Expected credit losses		42,968,713	124,325,747	9,122,869	22,540,462
Profit on disposal		(29,166,201)	-	(29,166,201)	-
Changes in working capital:					
Trade and other receivables	6	(3,442,953,219)	(89,399,512)	(3,602,136,444)	(30,772,781)
Financial assets	7	(14,654,174,015)	(15,463,186,123)	(30,082,255,082)	(2,990,694,102)
Trade and other payables	10	(170,603,006)	254,814,442	53,758,042	50,259,183
Cash generated from operations		(53,355,335,757)	(41,420,759,425)	(30,017,670,584)	(2,952,054,944)
Finance costs		(26,613,137)	(16,046,291)	(13,148,251)	(2,131,045)
Net cash from operating activities		(53,381,948,894)	(41,436,805,716)	(30,030,818,835)	(2,954,185,991)
Cash flows from investing activities					
Proceeds from disposal of motor vehicle		28,020,464	-	28,020,464	-
Purchase of property and equipment	4	8,025,390	13,473,435	(11,760,000)	(2,539,070)
Movement in equity investments	7	14,683,456,918	26,795,479,366	(177,538,735)	(17,180,225)
Net cash from investing activities		14,691,482,308	26,808,952,802	(161,278,271)	(19,719,295)
Cash flows from financing activities					
Capital fund replenishment and recoveries	9	20,635,196,267	9,174,880,695	20,635,196,267	1,907,459,604
Cash from financing activities		20,635,196,267	9,174,880,695	20,635,196,267	1,907,459,604
Total movement for the year		(18,055,270,318)	(5,452,972,220)	(9,556,900,840)	(1,066,445,682)
Cash at the beginning of year		513,774,409	456,195,341	106,813,806	27,614,730
Effects of exchange gains		19,404,822,595	5,510,551,288	11,313,413,719	1,145,644,758
Total cash at end of the year	8	1,863,326,686	513,774,409	1,863,326,686	106,813,806

# Accounting Policies

## for the year ended 31 December 2023

### 1 Trust information

Zimbabwe Agricultural Development Trust ("the Trust" or "ZADT"), is a Trust that was formed by SNV Netherlands Development Organisation - Zimbabwe and Humanist Institute for Development Cooperation - Zimbabwe. It is funded by The Danish International Development Agency ("DANIDA"), Foreign Commonwealth Development Office ("FCDO"), Ford Foundation and DanChurchAid ("DCA"). The Trust's objective is to promote growth in primary agriculture and related value chains with the main aim of improving food security and incomes for rural communities through provision of funding for agricultural activities and related technical assistance services.

### 2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis of preparation

These accounting policies are consistent with the previous period. The financial statements have been prepared in line with entity specific accounting policies, the requirements of Private Voluntary Organisation Act (Chapter 17:05) and the Trust Deed. The basis of accounting and the presentation and disclosures contained in these financial statements are entity specific and are not intended to, and do not, comply with all the requirements of the International Financial Reporting Standards. The financial statements have been prepared in line with the requirements of the Trust Deed.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zimbabwean Dollars, which is the Trust's functional currency.

These accounting policies are consistent with the previous period.

#### 2.2 Change in functional currency

The Trustees assessed in consistence with the guidance issued by the Public Accountants and Auditors Board (PAAB), whether use of the US\$ in 2019 as functional currency remained appropriate. Based on the assessment, the Trustees concluded that the Trust's functional currency became ZWL with effect from 22 February 2019. The same assessment was done during the current year and the Trustees concluded that the functional currency remains ZWL\$. Items included in the financial statements of the Trust are measured using the currency of primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Zimbabwean Dollars (ZWL\$), which was assessed to be the Trust's functional and presentation currency.

#### 2.3 Hyperinflationary economies

The Public Accountants and Auditors Board through its pronouncement 01/2019 provided guidance to all entities which use Zimbabwean Dollars as their functional currency, on the application of Financial Reporting in Hyperinflationary Economies Standard in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial period ended on or after 1 July 2019 apply the requirements of IAS29 "Financial Reporting in Hyperinflationary economies". The functional currency did not change in the current year and the currency was assessed to be still hyper inflationary, hence application of hyperinflation reporting is still necessary in the current year.

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL\$). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements.

#### Sources of price index

Indices used were obtained from the Zimbabwe Statistical Office for the period from February 2009 to December 2023:

Year	Indices	Average indices	Conversion factor
December 2021	3977.46	3135.22	3.44
December 2022	13,672.91	9,198.69	1
December 2023	65,703.44	35,114.22	1

## Accounting Policies (contd.)

### for the year ended 31 December 2023

#### 2.4 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with the Trust's accounting policies, requires management from time to time to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### Critical judgements in applying accounting policies

The critical judgement made by management in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### Key sources of estimation uncertainty

###### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Trust uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Trust's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

###### Fair value estimation

Several assets and liabilities of the Trust are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 16.

###### Impairment testing

The Trust reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

###### Useful lives of property and equipment

Management assess the appropriateness of the useful lives of property and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Trust replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

##### Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

#### 2.5 Investments in associates

An associate is defined as an entity that the Trust has significant influence over. The Trust classifies as associate, all organisations in which the Trust has at least an ownership interest of 20% or more of the voting power (directly or through subsidiaries) unless it can be clearly demonstrated otherwise.

The investment in an associate is initially recognised at cost and subsequently accounted for using equity accounting method.

#### 2.6 Property and equipment

Property and equipment are tangible assets which the Trust holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Trust, and the cost of the item can be measured reliably.

## Accounting Policies (contd.)

### for the year ended 31 December 2023

#### 2.6 Property and equipment (continued)

Property and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

When an item of property and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in reserves.

The revaluation reserve related to a specific item of property and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation of an asset commences when the asset is available for use as intended by management. residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Trust. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight	40 years
Furniture and fixtures	Straight	10 years
Motor vehicles	Straight	4 years
Office equipment	Straight	3 years
ICT Systems	Straight	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

## Accounting Policies (contd.)

for the year ended 31 December 2023

### 2.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation	Average useful life
Website	Straight line	2

### 2.8 Financial instruments

Broadly, the classification possibilities, which are adopted by the Trust, as applicable, are as follows:

#### Financial assets which are equity instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Designated at fair value through surplus or deficit. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

#### Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through surplus or deficit.

# Accounting Policies (contd.)

## for the year ended 31 December 2023

### 2.8 Financial instruments (continued)

#### Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through surplus or deficit. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through surplus or deficit. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through surplus or deficit).

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.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Trust are presented below:

#### Loans receivable at amortised cost

##### Classification

Loans receivable and loans to directors, managers and employees and are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Trust's business model is to collect the contractual cash flows on these loans.

##### Recognition and measurement

Loans receivable are recognised when the trust becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Zimbabwean Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in surplus or deficit in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific notes.

#### Impairment

The Trust recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Trust measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

## Accounting Policies (contd.)

### for the year ended 31 December 2023

#### 2.8 Financial instruments (continued)

##### Loans receivable at amortised cost (continued)

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Trust considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

##### Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Trust compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Trust has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

##### Definition of default

For purposes of internal credit risk management purposes, the Trust consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Trust considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### Write off policy

The Trust writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Trust recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

##### Measurement and recognition of expected credit losses

The measurement of expected credit losses (ECL) is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

# Accounting Policies (contd.)

## for the year ended 31 December 2023

### 2.8 Financial instruments (continued)

#### Loans receivable at amortised cost (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Trust has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Trust measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

#### Measurement and recognition of expected credit losses

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

#### Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in surplus or deficit in derecognition gains (losses) on financial assets at amortised cost.

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding VAT and prepayments are classified as financial assets, initially measured at cost and are subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Trust's business model is to collect the contractual cash flows on trade and other receivables.

##### Recognition and measurement

Trade and other receivables are recognised when the Trust becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

##### Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in surplus or deficit in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

# Accounting Policies (contd.)

for the year ended 31 December 2023

## 2.8 Financial instruments (continued)

### Trade and other receivables (continued)

#### Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Zimbabwean Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in surplus or deficit in other operating gains (losses).

#### Impairment

The Trust recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Trust measures the loss allowance for trade and other receivables at an amount equal to lifetime losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in surplus or deficit as a movement in credit loss allowance.

#### Write off policy

The Trust writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Trust recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

#### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in surplus or deficit in the derecognition gains (losses) on financial assets at amortised cost line item.

### Trade and other payables

#### Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

They are recognised when the Trust becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in surplus or deficit in finance costs.

Trade and other payables expose the Trust to liquidity risk and possibly to interest rate risk.

# Accounting Policies (contd.)

## for the year ended 31 December 2023

### 2.8 Financial instruments (continued)

#### Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Zimbabwean Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in surplus or deficit in the other operating gains (losses).

#### Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

#### Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Zimbabwean Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in surplus or deficit in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes.

#### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Derecognition

#### Financial assets

The Trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The Trust derecognises financial liabilities when, and only when, the Trust obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

#### Reclassification

#### Financial assets

The Trust only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

#### Financial liabilities

Financial liabilities are not reclassified.

## Accounting Policies (contd.)

for the year ended 31 December 2023

### 2.9 Impairment of assets

The Trust assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Trust estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Trust also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 2.10 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Trust recognises revenue when it transfers control of a service to a customer.

The Trust recognises revenues when the amount of revenue can be reliably measured : when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Trust's activities as described below:

The Trust recognises revenue from the following major sources:

- Interest income
- Investment income
- Dividend and Interest from short term investments
- Guarantees
- Gains on equity instruments

#### Interest income

Revenue is recognised upfront when the loan contract has been signed rather than when cash is received and not over the term of the loan.

#### Investment income

The investment income consists of share of profit earned from joint investments through co-investments. The income is recognised when proceeds are received from the investments. The Trust also recognises interest income earned from money market investments and other long term investments when the investments mature and funds are received from the investment.

#### Guarantees fees

The Trust initially recognises income earned from guarantee fees when the fees have been received in the Trust account. The Trust accrues outstanding fees basing on the guarantee loan agreement.

#### Dividend income

Dividend income is recognised when they are received in the Trust account.

# Accounting Policies (contd.)

## for the year ended 31 December 2023

### 2.10 Revenue (Continued)

#### Gains on equity instruments

The gains on equity instruments consist of gains on disposal of equity instruments and fair value gains on equity instruments. The gains on disposal of equity instruments are recognised upon disposal of instruments and fair value gains are recognised when the market values of instruments increase.

### 2.11 Co-Investments

The Trust uses the cost method in valuing its co-investments, increases in fair value are not recognised. The cost method is very conservative meaning that only declines in the asset's fair value (impairments) are recognised in the financial statements. That occurs when the market value of the co-investments falls below historical cost. Income or dividend from co-investments are recognised under operating income.

### 2.12 Revolving fund

The revolving fund comprises of funds that have been received from funding partners for the purposes of onward investing.

### 2.13 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Trust's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 2.14 Provisions and contingencies

Provisions are recognised when:

- the Trust has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and

## Accounting Policies (contd.)

for the year ended 31 December 2023

### 2.14 Provisions and contingencies (Continues...)

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

### 2.15 Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in Zimbabwean Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Trust receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Trust initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Trust determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in reserves, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in reserves. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Zimbabwean Dollars by applying to the foreign currency amount the exchange rate between the Zimbabwean Dollar and the foreign currency at the date of the cash flow.

### 3 Taxation

The income earned by the Trust is exempt from corporate tax in terms of Income Tax Act (Chapter 23:06), Section 14, Third Schedule sub-paragraph 2L. The Trust being a non-profit making organisation has not provided for corporate tax on this basis.

# Notes to the Financial Statements

for the year ended 31 December 2023

Figures in ZWL Dollars

## 4 Property and equipment

	Inflation adjusted					
	31-Dec-23			31-Dec-22		
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Land	634,891,150	-	634,891,150	255,353,280	-	255,353,280
Buildings	1,806,997,890	-	1,806,997,890	1,065,787,186	-	1,065,787,186
Furniture and fixtures	45,071,167	-	45,071,167	23,051,209	(16,427,838)	6,623,370
Motor vehicles	586,053,370	-	586,053,370	819,623,999	-	819,623,999
Office equipment	127,079,434	-	127,079,434	129,856,926	(9,933,602)	119,923,323
Total	3,200,093,011	-	3,200,093,011	2,293,672,599	(26,361,441)	2,267,311,158

### Reconciliation of property and equipment - 31 December 2023

	Opening balance	Revaluation	Disposals	Additions	Depreciation	Total
Land	255,353,280	379,537,870	-	-	-	634,891,150
Buildings	1,065,787,186	741,557,579	-	-	(346,875)	1,806,997,890
Furniture and fixtures	6,623,370	38,489,480	-	-	(41,684)	45,071,167
Motor vehicles	819,623,999	(93,234,566)	(135,642,000)	-	(4,694,063)	586,053,370
Office equipment	119,923,323	4,341,928	-	8,025,390	(5,211,208)	127,079,434
<b>Total</b>	<b>2,267,311,158</b>	<b>1,070,692,291</b>	<b>(135,642,000)</b>	<b>8,025,390</b>	<b>(10,293,829)</b>	<b>3,200,093,011</b>

### Reconciliation of property and equipment - 31 December 2022

	Opening balance	Revaluation	Disposals	Additions	Depreciation	Total
Land	255,353,280	-	-	-	-	255,353,280
Buildings	360,385,262	714,642,573	-	-	(9,240,650)	1,065,787,186
Furniture and fixtures	22,970,468	-	-	80,741	(16,427,838)	6,623,370
Motor vehicles	445,020,594	512,193,128	-	-	(137,589,723)	819,623,999
Office equipment	116,464,231	-	-	13,392,695	(9,933,602)	119,923,323
<b>Total</b>	<b>1,200,193,835</b>	<b>1,226,835,701</b>	<b>-</b>	<b>13,473,435</b>	<b>(173,191,813)</b>	<b>2,267,311,158</b>

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars

## 4 Property and equipment (continued)

	Historical					
	31-Dec-23		31-Dec-22			
	Cost / Valuation	Accumulated depreciation	Carrying Value	Cost / Valuation	Accumulated depreciation	Carrying Value
Land	634,891,150	-	634,891,150	9,600,000	-	9,600,000
Buildings	1,806,997,890	-	1,806,997,890	221,577,378	-	221,577,378
Furniture and fixtures	45,071,167	-	45,071,167	69,638	(34,728)	34,910
Motor vehicles	586,053,370	-	586,053,370	170,400,000	-	170,400,000
Office equipment	127,079,434	-	127,079,434	3,539,236	(1,111,997)	2,427,239
Total	3,200,093,011	-	3,200,093,011	405,186,251	(1,146,725)	404,039,526

## Reconciliation of property and equipment - 31 December 2023

	Opening balance	Revaluation	Disposals	Additions	Depreciation	Total
Land	9,600,000	625,291,150	-	-	-	634,891,150
Buildings	221,577,378	1,585,767,387	-	-	(346,875)	1,806,997,890
Furniture and fixtures	34,910	45,077,941	-	-	(41,684)	45,071,167
Motor vehicles	170,400,000	448,547,432	(28,200,000)	-	(4,694,063)	586,053,370
Office equipment	2,427,239	118,103,403	-	11,760,000	(5,211,208)	127,079,434
<b>Total</b>	<b>404,039,526</b>	<b>2,822,787,313</b>	<b>(28,200,000)</b>	<b>11,760,000</b>	<b>(10,293,829)</b>	<b>3,200,093,011</b>

## Reconciliation of property and equipment - 31 December 2022

	Opening balance	Revaluation	Disposals	Additions	Depreciation	Total
Land	9,600,000	-	-	-	-	9,600,000
Buildings	13,528,126	208,396,127	-	-	(346,875)	221,577,378
Furniture and fixtures	24,162	-	-	16,786	(6,038)	34,910
Motor vehicles	16,705,163	158,886,673	-	-	(5,191,837)	170,400,000
Office equipment	573,164	-	-	2,522,284	(668,210)	2,427,239
<b>Total</b>	<b>40,430,614</b>	<b>367,282,801</b>	<b>-</b>	<b>2,539,070</b>	<b>(6,212,960)</b>	<b>404,039,526</b>

The Trust's assets are stated at revalued amounts. Refer to note 16 for specific details regarding the valuation of these assets.

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Notes	Inflation adjusted		Historical	
		2023	2022	2023	2022
<b>5 Investments in equities</b>					
Listed shares		887,631,827	618,649,774	887,631,827	128,617,417
Unlisted shares		27,551,842,707	7,941,462,301	27,551,842,707	1,721,794,796
		<b>28,439,474,534</b>	<b>8,560,112,075</b>	<b>28,439,474,534</b>	<b>1,850,412,213</b>
<b>Listed shares</b>					
Old Mutual Zimbabwe Limited		334,307,767	161,357,380	334,307,767	33,546,233
Padenga Holdings Limited		194,926,192	141,284,446	194,926,192	29,373,066
Econet Wireless Limited		109,003,556	59,670,159	109,003,556	12,405,439
Innscore Africa Limited		151,247,674	193,290,681	151,247,674	40,185,173
Cassava Smartech Zimbabwe Limited		12,191,614	13,342,073	12,191,614	2,773,820
SEED Company of Zimbabwe Limited		17,199,976	6,165,114	17,199,976	1,281,729
Axia		-	32,471,431	-	6,750,817
OK Zimbabwe Limited		-	11,068,490	-	2,301,141
Delta		42,813,792	-	42,813,792	-
Simbisa Brands		25,941,255	-	25,941,255	-
		<b>887,631,827</b>	<b>618,649,774</b>	<b>887,631,827</b>	<b>128,617,417</b>
<b>Unlisted shares</b>					
Smartsurburb (Private) Limited		27,381,362,520	7,845,543,915	27,381,362,520	1,701,853,344
Marirangwe United Bush Dairy*		170,480,187	95,918,386	170,480,187	19,941,452
		<b>27,551,842,707</b>	<b>7,941,462,301</b>	<b>27,551,842,707</b>	<b>1,721,794,796</b>
		<b>28,439,474,534</b>	<b>8,560,112,075</b>	<b>28,439,474,534</b>	<b>1,850,412,213</b>
*Marirangwe United Bush Dairy - Marirangwe United Bush Dairy Cooperative Society Limited.					
<b>6 Trade and other receivables</b>					
<b>Financial instruments:</b>					
Income receivable		45,247,227	1,433,293	45,247,227	297,982
Staff loans		-	6,930,496	-	1,440,852
Partners projects receivables	14	3,575,291,777	182,489,428	3,575,291,777	37,939,590
		<b>3,620,539,004</b>	<b>190,853,216</b>	<b>3,620,539,004</b>	<b>39,678,423</b>
<b>Non financial instruments:</b>					
Prepayments		23,377,814	10,110,383	23,377,814	2,101,951
		<b>23,377,814</b>	<b>10,110,383</b>	<b>23,377,814</b>	<b>2,101,951</b>
<b>Total trade and other receivables</b>		<b>3,643,916,818</b>	<b>200,963,599</b>	<b>3,643,916,818</b>	<b>41,780,374</b>
<b>Split between current and non current</b>					
co-investments					
Current		3,643,916,818	195,791,268	3,643,916,818	40,705,045
Non-current		-	5,172,331	-	1,075,329
		<b>3,643,916,818</b>	<b>200,963,599</b>	<b>3,643,916,818</b>	<b>41,780,374</b>
<b>7 Financial assets</b>					
<b>Long term investments</b>					
Co-investments	7.1	10,036,920,644	4,773,087,900	10,036,920,644	992,325,967
Treasury bills	7.3	23,185,302,755	12,266,012,205	23,185,302,755	2,550,106,488
Investments with participating financial institutions		-	407,534,411	-	84,726,489
		<b>33,222,223,399</b>	<b>17,446,634,517</b>	<b>33,222,223,399</b>	<b>3,627,158,943</b>
<b>Short-term investments</b>					
Co-investments	7.1	726,929,877	1,689,021,081	726,929,877	328,607,371
Partners projects investments	14	67,418,237	28,098,026	67,418,237	5,841,585
Other financial assets	7.2	309,619,956	161,287,329	309,619,956	33,531,669
		<b>1,103,968,069</b>	<b>1,878,406,436</b>	<b>1,103,968,069</b>	<b>367,980,626</b>
		<b>34,326,191,467</b>	<b>19,325,040,953</b>	<b>34,326,191,467</b>	<b>3,995,139,569</b>

## Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Notes	Inflation adjusted		Historical	
		2023	2022	2023	2022
<b>7 Financial assets (continued)</b>					
<b>7.1 Co- investments</b>					
The co-investments are disaggregated as follows:					
Nurture Finance (Pvt) Limited		314,680,654	401,488,459	314,680,654	83,469,534
Viridi Solutions (Pvt) Limited		-	48,806,278	-	10,146,835
Orangerose Investments (Pvt) Ltd		-	38,294,812	-	7,961,499
Upcycle Goromonzi (Pvt) Limited		-	23,396,473	-	4,864,132
Blue Agri (Pvt) Limited		7,854,826,306	4,165,725,532	7,854,826,306	866,055,204
Kalimba Investments (Pvt) Limited		669,432,526	388,439,429	669,432,526	80,756,638
MC Meats (Pvt) Limited		-	615,175,595	-	127,895,134
Noble Gold Private Limited		13,527,394	7,156,567	13,527,394	1,487,852
Chia Growers Zimbabwe (Pvt) Limited		-	72,605	-	15,095
Machiareer Investments (Pvt) Limited		1,342,181,624	773,553,232	1,342,181,624	160,821,878
Nhaka Life Assurance (Pvt) Ltd		400,622,421	-	400,622,421	-
Ladyleopullets Pvt Ltd		168,579,595	-	168,579,595	-
Expected credit losses		-	(108,419,624)	-	(22,540,462)
<b>Total</b>		<b>10,763,850,520</b>	<b>6,462,108,981</b>	<b>10,763,850,520</b>	<b>1,320,933,338</b>
<b>Split between current and non current co-investments</b>					
Current		726,929,877	1,689,021,081	726,929,877	328,607,371
Non-current		10,036,920,644	4,773,087,900	10,036,920,644	992,325,967
		<b>10,763,850,520</b>	<b>6,462,108,981</b>	<b>10,763,850,520</b>	<b>1,320,933,338</b>
Co- investments relates to specific projects in which the Trust invests jointly with targeted businesses under agreed terms and conditions. The investments can either be on long-term or short-term basis.					
<b>7.2 Other financial assets</b>					
Danish Consul <sup>^</sup>		280,310,548	148,296,213	280,310,548	30,830,814
Gold coins <sup>*</sup>		29,309,408	12,991,116	29,309,408	2,700,856
		<b>309,619,956</b>	<b>161,287,329</b>	<b>309,619,956</b>	<b>33,531,669</b>
<sup>^</sup> The funds are held by Danish Consul on behalf of the Trust. The funds do not earn interest and are accessible for use by the Trust without any restrictions.					
<sup>*</sup> The gold coins are valued at fair market value determined in terms of level 1 fair value hierarchy.					
<b>7.3</b>	The Treasury Bills of ZWL\$23 185 302 755 relate to blocked funds which were due and payable on 22 February 2019 from the Reserve Bank of Zimbabwe (RBZ), when the authorities promulgated SI33/2019 which introduced the ZWL\$ currency, which resulted in conversion of foreign denominated balances of the Trust to ZWL\$ at 1:1. The foreign balances were registered and approved by the RBZ. The Treasury Bills were issued on 8 November 2022 at face value, with zero interest and have differing maturity tenures ranging from August 2025 to November 2034. In compliance with IFRS 9, the blocked funds were derecognised and the treasury bills were recognised. Refer to note 16 for valuation methodology.				
<b>8 Cash and cash equivalents</b>					
Cash and cash equivalents consists of :					
Cash on hand		1,382,124,741	146,606,293	1,382,124,741	30,479,479
Partners projects cash on hand	14	3,968	51,134,176	3,968	10,630,806
Bank balances		202,781,481	47,490,126	202,781,481	9,873,207
Partners projects bank balances	14	278,416,496	268,543,814	278,416,496	55,830,315
		<b>1,863,326,686</b>	<b>513,774,409</b>	<b>1,863,326,686</b>	<b>106,813,806</b>

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Notes	Inflation adjusted		Historical	
		2023	2022	2023	2022
<b>9 Revolving fund</b>					
Opening balances 1 January		13,290,334,182	4,115,453,488	2,763,063,240	855,603,636
Capital fund replenishment*		20,635,196,267	9,174,880,695	20,635,196,267	1,907,459,604
Closing balance 31 December		33,925,530,451	13,290,334,182	23,398,259,507	2,763,063,240
<b>10 Trade and other payables</b>					
<b>Financial instruments:</b>					
Trade payables		1,458,302	6,920,877	1,458,302	1,438,852
Audit fees		11,035,538	15,817,492	11,035,538	3,288,460
Pay As You Earn		-	36,852	-	7,661
Pension and leave pay provision		106,172,319	9,089,050	106,172,319	1,889,615
Partners projects payables	14	36,408,566	228,386,690	36,408,566	52,697,828
Salaries		-	713,072	-	148,248
Deffered interest		763,090	-	763,090	-
		155,837,816	260,964,031	155,837,816	59,470,664
<b>Components of financial instruments</b>					
At amortised cost		155,837,816	260,964,031	155,837,816	59,470,664
<b>11 Revenue</b>					
<b>Revenue from contracts with customers</b>					
Rendering of services		1,306,553,273	139,015,607	743,905,076	78,544,436
The Trust disaggregates revenue from customers as follows:					
<b>Rendering of services</b>					
Income from co-Investments		1,018,767,298	81,175,141	586,893,202	66,519,391
Dividend and Interest from short term investments		287,785,976	57,840,465	157,011,875	12,025,045
		1,306,553,273	139,015,607	743,905,076	78,544,436
<b>Timing of revenue recognition</b>					
<b>Over time</b>					
Rendering of services		1,306,553,273	139,015,607	743,905,076	78,544,436
<b>Total revenue from contracts with customers</b>		1,306,553,273	139,015,607	743,905,076	78,544,436
<b>12 Other operating gains (losses)</b>					
Bad debts recovered		749,751	-	486,852	-
Sale of scrap		5,330,765	-	4,008,094	-
Exchange gains		19,404,822,595	5,510,551,288	11,313,413,719	1,145,644,758
Fair value gains on equity investments		192,059,563	426,254,887	732,014,410	88,618,480
Fair value gains- investment properties		34,370,759,815	7,165,205,778	25,679,509,176	1,489,647,771
Fair value gains on co-investments		304,007,787	719,190,743	239,673,947	149,519,905
Clearing income		-	4,478,352	-	931,050
Partners projects income	14	8,621,657,761	301,978,758	5,925,691,066	62,781,446
Profit on disposal		29,166,201	-	29,166,201	-
		62,899,388,037	14,127,659,806	43,923,963,466	2,937,143,411

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Inflation adjusted		Historical	
	2023	2022	2023	2022
<b>13 Surplus / (deficit) for the year</b>				
Operating surplus / (deficit) for the year is stated after charging (crediting) the following, amongst others:				
<b>Auditor's remuneration - external</b>				
Audit fees	68,703,679	35,841,156	34,298,685	6,411,848
<b>Remuneration, other than to employees</b>				
Consulting and professional services	31,815,750	18,051,760	20,017,055	2,762,799
<b>Employee costs</b>				
Salaries, wages and bonuses	896,253,066	434,387,415	544,566,089	65,588,114
Staff allowances	38,146,062	21,196,545	22,255,186	2,821,301
Overtime	1,301,840	72,755	479,142	4,959
Medical aid	46,339,709	35,672,781	26,365,288	4,399,221
Leave pay	65,476,791	6,149,589	42,609,109	1,278,501
Retirement benefits - defined contributions	78,816,962	37,271,094	46,439,280	5,403,399
<b>Total employee costs</b>	<b>1,126,334,430</b>	<b>534,750,178</b>	<b>682,714,093</b>	<b>79,495,495</b>
<b>Depreciation and amortisation</b>				
Depreciation of property and equipment	22,173,829	29,884,335	16,242,251	6,212,960
<b>Total depreciation and amortisation</b>	<b>22,173,829</b>	<b>29,884,335</b>	<b>16,242,251</b>	<b>6,212,960</b>
<b>Movement in credit loss allowances</b>				
Trade and other receivables	42,968,713	124,325,747	9,122,869	22,540,462
<b>Finance costs</b>				
Bank charges	26,613,137	16,046,291	13,148,251	2,131,045
<b>Total finance costs</b>	<b>26,613,137</b>	<b>16,046,291</b>	<b>13,148,251</b>	<b>2,131,045</b>
<b>Expenses by nature</b>				
The total selling and distribution expenses, marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:				
Employee costs	1,126,334,430	534,750,178	682,714,093	79,495,495
Finance costs	26,613,137	16,046,291	13,148,251	2,131,045
Depreciation, amortisation and impairment	22,173,829	29,884,335	16,242,251	6,212,960
Other expenses	4,432,693,393	277,573,508	903,722,227	57,707,590
	<b>5,607,814,790</b>	<b>858,254,312</b>	<b>1,615,826,823</b>	<b>145,547,090</b>

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Notes	Inflation adjusted		Historical	
		2023	2022	2023	2022
<b>13 Surplus for the year (continued)</b>					
Operating surplus / (deficit) for the year is stated after charging (crediting) the following, amongst others:					
<b>13.1 Other expenses</b>					
Audit fees		68,703,679	35,841,156	34,298,685	6,411,848
Meetings expenses		-	9,725,691	-	1,714,416
Business Development Meetings		23,604,309	5,656,491	14,364,114	1,130,756
Annual reports concepts		14,524,925	3,770,049	10,979,537	637,107
Review of website		1,436,073	371,753	384,713	77,288
Board Fees and other expenses		58,645,353	21,279,544	37,942,295	3,474,740
Cleaning and teas		12,204,519	5,637,100	6,075,489	626,577
Computer network and internet		19,802,302	10,873,996	10,212,333	1,434,642
Consulting fees		12,291,378	9,550,285	9,669,755	1,507,601
IT Consultancy Costs		19,524,372	8,501,475	10,347,300	1,255,199
Expected credit losses		42,968,713	124,325,747	9,122,869	22,540,462
Meadows		130,189,479	9,763,257	70,652,938	2,029,783
Electricity & water		32,176,757	20,948,108	16,873,110	3,271,592
Training and record keeping		-	357,864	-	30,000
General expenses		524,523	324,054	398,103	46,796
Insurance		44,861,986	17,632,287	28,445,250	2,285,296
Legal Fees		8,582,583	3,356,670	5,462,368	223,161
Motor vehicle expenses		80,329,833	30,899,765	45,650,396	4,219,329
Printing & stationery		2,325,175	972,491	1,424,074	432,178
Repairs & maintenance		18,572,802	32,044,577	13,708,254	1,290,260
Security		6,184,322	14,568,581	3,754,052	2,456,229
Telephone & fax		3,452,561	2,813,757	1,539,787	382,200
Contingencies		829,758	1,084,782	292,131	117,928
Monitoring visits		-	1,505,642	-	112,205
Partners projects expenses	14	2,655,836,594	12,774,574,018	2,098,548,519	9,720,056
Profit on disposal		29,166,201	-	29,166,201	-
		<b>3,257,571,997</b>	<b>13,146,379,141</b>	<b>2,430,146,073</b>	<b>67,427,646</b>
<b>14 Partners' Projects</b>					
Included in the financial statements are transactions for the projects funded by AGF, SNV, Embassy of Sweden and DCA. Below are the reports showing the breakdown of these transactions and balances:					
<b>14.1 DanChurchAid (DCA)</b>					
<b>Current Assets</b>					
Cash on hand		27,471,252	25,029,851	27,471,252	5,203,711
Loans to 39 Dzumbunu Farmers		219,770,014	105,767,332	219,770,014	21,989,050
		<b>247,241,266</b>	<b>105,767,332</b>	<b>247,241,266</b>	<b>27,192,761</b>
<b>Current Liabilities</b>					
DanChurchAid		247,241,266	105,767,332	247,241,266	27,192,761
		<b>247,241,266</b>	<b>105,767,332</b>	<b>247,241,266</b>	<b>27,192,761</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Inflation adjusted		Historical	
	2023	2022	2023	2022
<b>14 Partners' Projects (Continued)</b>				
<b>14.2 International Maize and Wheat Improvement Center (CIMMYT)</b>				
<b>Income</b>				
Grant	-	2,411,964	-	501,448
Exchange gain	-	10,780,975	-	2,241,367
	-	<b>13,192,939</b>	-	<b>2,742,815</b>
<b>Expenditure</b>				
Travel & accommodation	-	2,126,031	-	442,002
Fuel costs	-	2,786,965	-	579,411
Vehicle hire	-	4,252,817	-	884,162
Administration fees	-	744,939	-	154,873
Level of effort	-	8,428,768	-	1,752,343
	-	<b>18,339,521</b>	-	<b>3,812,790</b>
<b>Deficit for the year</b>	-	<b>(5,146,582)</b>	-	<b>(1,069,975)</b>
Opening retained income	-	5,146,582	-	1,069,975
<b>Closing retained income</b>	-	-	-	-
<b>Current Assets</b>				
Cash on hand	-	26,102,226	-	5,426,658
Cash at bank	-	95,149,637	-	19,781,629
	-	<b>121,251,863</b>	-	<b>25,208,288</b>
<b>Current Liabilities</b>				
Payables	-	116,364,583	-	24,192,221
Travel & accommodation	-	4,887,280	-	1,016,067
	-	<b>121,251,863</b>	-	<b>25,208,288</b>
<b>Net assets</b>	-	-	-	-
<b>14.3 Food for Export Master Class</b>				
<b>Income</b>				
Hivos	-	-	-	-
	-	-	-	-
<b>Expenditure</b>				
Level of effort	-	2,959,104	-	615,198
	-	<b>2,959,104</b>	-	<b>615,198</b>
<b>Deficit for the year</b>	-	<b>(2,959,104)</b>	-	<b>(615,198)</b>
Opening retained income	-	2,959,104	-	615,198
<b>Closing retained income</b>	-	-	-	-
<b>Current Assets</b>				
Cash on hand	-	-	-	-
	-	-	-	-

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars Figures in ZWL Dollars	Inflation adjusted		Historical	
	2023	2022	2023	2022
<b>14 Partners' Projects (Continued)</b>				
<b>14.4 African Guarantee Fund (AGF)</b>				
<b>Income</b>				
Grant income	186,800,150	48,981,992	148,056,500	10,183,366
Monetary gain / (loss)	5,438,644	74,842,030	-	-
Exchange gain / (loss)	23,692,964	1,643,309	122,946,822	15,901,318
	<b>215,931,757</b>	<b>125,467,331</b>	<b>271,003,322</b>	<b>26,084,684</b>
<b>Expenditure</b>				
Catering for training	-	5,305,055	-	1,102,922
Printing & stationery	2,013,642	112,752	1,347,677	23,441
Travel & accommodation	-	9,015,951	-	1,874,418
Level of effort	-	1,556,339	-	323,563
Bank charges	2,521,528	953,686	1,231,368	198,272
Launch ceremony and meals	-	1,579,314	-	328,340
Media livestreaming	7,690,184	453,190	4,993,626	94,218
Conference package rooms	11,933,044	2,176,366	7,748,730	452,467
Fuel and travel logistics	-	2,984,290	-	620,434
Consultancy fees	-	930,048	-	193,357
Mentorship Fees	65,285,806	-	40,220,075	-
Profiling	4,279,097	-	2,933,328	-
	<b>93,723,302</b>	<b>25,066,992</b>	<b>58,474,803</b>	<b>5,211,433</b>
<b>Surplus for the year</b>	<b>122,208,456</b>	<b>100,400,339</b>	<b>212,528,519</b>	<b>20,873,251</b>
Opening retained income	114,026,117	13,625,778	23,706,053	2,832,802
Closing retained income	<b>236,234,573</b>	<b>114,026,117</b>	<b>236,234,573</b>	<b>23,706,053</b>
<b>Current Assets</b>				
Cash at bank	17,782,263	40,253,781	17,782,263	8,368,769
Cash on hand	3,968	2,099	3,968	436
Receivables	218,448,341	75,197,745	218,448,341	15,633,627
	<b>236,234,573</b>	<b>115,453,626</b>	<b>236,234,573</b>	<b>24,002,833</b>
<b>Current liabilities</b>				
Payables	-	1,427,509	-	296,779
	<b>-</b>	<b>1,427,509</b>	<b>-</b>	<b>296,779</b>
	<b>236,234,573</b>	<b>114,026,117</b>	<b>236,234,573</b>	<b>23,706,053</b>

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Inflation adjusted		Historical	
	2023	2022	2023	2022
<b>14 Partners' Projects (Continued)</b>				
<b>14.5 Stitching Nederlandse Vrijwilligers (SNV)</b>				
<b>Income</b>				
Grant income	-	28,748,503	-	5,976,820
Investment income	-	1,644,492	-	341,890
Donations	-	307,535	-	63,937
Monetary gain / (loss)	(126,529,227)	-	-	-
Exchange gain / (loss)	270,677,902	132,617,959	270,677,902	27,571,301
	<b>144,148,675</b>	<b>163,318,488</b>	<b>270,677,902</b>	<b>33,953,948</b>
<b>Expenditure</b>				
Bank charges	1,934,577	387,854	1,836,479	80,635
Investment Income	2,739,192	-	407,279	-
Legal fees	543,917	-	445,834	-
	<b>5,217,686</b>	<b>387,854</b>	<b>2,689,592</b>	<b>80,635</b>
<b>Surplus</b>	<b>138,930,989</b>	<b>162,930,634</b>	<b>267,988,310</b>	<b>33,873,313</b>
Opening retained income	162,930,634	-	33,873,313	-
<b>Closing retained income</b>	<b>301,861,622</b>	<b>162,930,634</b>	<b>301,861,622</b>	<b>33,873,313</b>
<b>Current Assets</b>				
Cash at bank	234,834,149	133,140,396	234,834,149	27,679,916
Receivables	-	1,692,212	-	351,811
Investments	67,418,237	28,098,026	67,418,237	5,841,585
	<b>302,252,386</b>	<b>162,930,634</b>	<b>302,252,386</b>	<b>33,873,313</b>
<b>Current liabilities</b>				
Payables	390,763	-	390,763	-
	<b>301,861,622</b>	<b>162,930,634</b>	<b>301,861,622</b>	<b>33,873,313</b>
<b>14.6 CAUSEWAY</b>				
<b>Income</b>				
Grant income	7,022,004,034	-	5,634,287,732	-
Monetary gain / (loss)	(2,236,965,422)	-	-	-
Exchange gain / (loss)	1,118,482,711	-	(250,277,890)	-
	<b>5,903,521,323</b>	<b>-</b>	<b>5,384,009,842</b>	<b>-</b>
<b>Expenditure</b>				
Project inception costs	97,648,156	-	68,818,709	-
Administration costs	101,792,277	-	69,572,290	-
Project operation costs	97,153,220	-	81,190,154	-
Printing & stationery	62,194,977	-	46,749,430	-
Salaries & wages	834,329,609	-	653,096,658	-
Procurement	1,363,777,367	-	1,117,956,883	-
	<b>2,556,895,606</b>	<b>-</b>	<b>2,037,384,125</b>	<b>-</b>
<b>Surplus</b>	<b>3,346,625,717</b>	<b>-</b>	<b>3,346,625,717</b>	<b>-</b>
Opening retained income	-	-	-	-
<b>Closing retained income</b>	<b>3,346,625,717</b>	<b>-</b>	<b>3,346,625,717</b>	<b>-</b>
<b>Current Assets</b>				
Cash at bank	25,800,084	-	25,800,084	-
Cash-Danish and Norwegian Consulates	3,356,843,436	-	3,356,843,436	-
	<b>3,382,643,520</b>	<b>-</b>	<b>3,382,643,520</b>	<b>-</b>
<b>Current liabilities</b>				
Payables	36,017,802	-	36,017,802	-
	<b>3,346,625,717</b>	<b>-</b>	<b>3,346,625,717</b>	<b>-</b>

# Notes to the Financial Statements (contd)

for the year ended 31 December 2023

## Figures in ZWL Dollars

### 15 Related parties

#### 15.1 Relationships

Those charged with governance  
Key management personnel

Board of Trustees [Page 1]  
Chief Executive Officer [Mr Chinoera]

#### 15.2 Related party balances

##### Current payables

Members of key management

Inflation adjusted		Historical	
2023	2022	2023	2022
21,957,253	44,107	21,957,253	9,170
<b>21,957,253</b>	<b>44,107</b>	<b>21,957,253</b>	<b>9,170</b>

#### 15.3 Related party transactions

##### Trustees emoluments

Members of key management

Trustees

451,694,040	122,221,788	287,089,156	25,409,935
<b>58,645,353</b>	<b>21,279,544</b>	<b>37,942,295</b>	<b>3,474,740</b>

### 16 Fair value information

#### Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the trust can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

#### Levels of fair value measurements

##### Level 1

##### Recurring fair value measurements

Gold coins

Listed equities

Inflation adjusted		Historical	
2023	2022	2023	2022
29,309,408	12,991,116	29,309,408	2,700,856
887,631,827	618,649,774	887,631,827	128,617,417
<b>916,941,235</b>	<b>631,640,890</b>	<b>916,941,235</b>	<b>131,318,272</b>

#### Valuation techniques used to derive level 1 fair values

The values of listed equities were obtained from Zimbabwe Stock Exchange.  
The values of gold coins were obtained from the Reserve Bank of Zimbabwe.

##### Level 2

##### Recurring fair value measurements

Investments in equities

Unlisted equities

27,551,842,707	7,941,462,301	27,551,842,707	214,966,800
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## Notes to the Financial Statements (contd)

for the year ended 31 December 2023

Figures in ZWL Dollars	Inflation adjusted		Historical	
	2023	2022	2023	2022
<b>16 Fair value information (Continued)</b>				
<b>Level 2 (continued)</b>				
<b>Property and equipment</b>				
Building	1,806,997,890	1,065,787,188	1,806,997,890	221,577,378
Motor vehicles	586,053,370	819,624,000	586,053,370	170,400,000
Land	634,891,150	-	634,891,150	-
Furniture and fixtures	45,071,167	-	45,071,167	-
Office equipment	127,079,434	-	127,079,434	-
<b>Total property and equipment</b>	<b>3,200,093,011</b>	<b>1,885,411,188</b>	<b>3,200,093,011</b>	<b>391,977,378</b>
<b>Total</b>	<b>30,751,935,718</b>	<b>10,445,523,263</b>	<b>3,328,710,428</b>	<b>735,561,595</b>

### Valuation techniques used to derive level 2 fair values

#### Land and office building

Level 2 fair values of land and building have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre of similar properties in the proximity.

#### Motor Vehicles

The Motor Vehicles have been valued basing on the market prices of other motor vehicles with similar conditions. Adjustments have made on the market values where different conditions exist.

#### Unlisted equities

The value of unlisted Smartsurburb (Private) Limited shares was derived from the market value of land which is the only asset owned by the company. The valuation of the property was done by the valuation experts at the reporting date. Marirangwe shares were valued basing on the market values of the cattle being invested in.

### Level 3

#### Recurring fair value measurements

#### Financial assets

Treasury bills	23,185,302,755	12,266,012,205	23,185,302,755	2,550,106,488
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### Valuation techniques used to derive level 3 fair values

The Treasury bills are initially measured at fair value and subsequently measured at amortised cost using the level 3 valuation methodology. Treasury Bills are traded on an Over the counter (OTC) market which is a secondary market that is less regulated, less transparent and less liquid. In a secondary market, zero coupon bonds are traded at discount rates agreed by the counter parties. The information was gathered on the prevailing discount rates and discounted the Treasury Bills to determine the fair value. The discounted value of the TBs at 31 December 2022 is \$23 185 302 754, indicating an average discount rate of 64% from par value. The Trust is confident that the Government will honour the treasury bills due to the sovereign nature of the instrument.

### 17 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Trustees believe that under the current economic environment, a continuous assessment of the ability of the Trust to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements. After considering the uncertainties described above, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. It is for the following reasons that the Trust has adopted the going concern basis of accounting in preparing the annual financial statements.

# Notes to the Financial Statements (contd)

## for the year ended 31 December 2023

### Figures in ZWL Dollars

#### 18 Subsequent events

The Monetary Policy Statement of 5th of April 2024 issued out a monetary policy measure to establish a new functional currency replacing the Zimbabwean Dollar (ZWL\$). On the 5th of April 2024, Statutory Instrument 60 of 2024 which introduced Zimbabwe Gold Currency (ZiG) was issued. The value of one ZiG on the date of its initial issuance is equivalent to the value of one milligram of gold of ninety-nine per centum purity as determined by the spot price of gold, and the prevailing interbank foreign exchange rate. Thereafter, the ZiG shall be determined by the inflation differential between ZiG and the United States dollar inflation rates and the movement in the price of the basket of precious metals (mainly gold) and valuable minerals held as reserves by the Reserve Bank. The opening exchange rate between the ZiG and ZWL Dollars as at 5 April 2024 is ZiG1 : ZWL\$2,498.72. In consideration of the conditions stated above, with reference to the provisions of International Accounting Standard (IAS) 21, there will be a change in functional currency effective 5 April 2024 from ZWL Dollar to ZiG Dollar. This event is a non-adjusting event as it is an evidence of conditions which arose after year end.

The table below illustrates the estimated financial impact of the change in functional currency on the balance sheet, for events after the reporting period:

Description	Components of reported Amounts (ZWL)			Converted
	Inflated balances as at 31 December 2023	Adjustment Factor	Inflated to 5 April 2024	31 December 2023
<b>Assets</b>				
<b>Non-current assets</b>				
Property and equipment	3,200,093,011	6.53	20,905,188,411	8,366,359
Investments in equities	28,439,474,534	6.53	185,786,029,156	74,352,480
Trade and other receivables				
Financial assets	33,222,223,399	6.53	217,030,204,180	86,856,552
<b>Current assets</b>				
Trade and other receivables	3,643,916,818	6.53	23,804,547,984	9,526,697
Financial assets	1,103,968,069	6.53	7,211,871,780	2,886,226
Cash and cash equivalents	1,863,326,686	6.53	12,172,519,770	4,871,502
<b>TOTAL ASSETS</b>	<b>71,473,002,517</b>		<b>466,910,361,280</b>	<b>186,859,817</b>
<b>Reserves and Liabilities</b>				
Revaluation reserve	3,229,994,914	6.53	21,100,528,021	8,444,535
Accumulated fund	34,161,639,335	6.53	223,167,109,291	89,312,572
<b>Current liabilities</b>				
Revolving fund	33,925,530,451	6.53	221,624,685,153	88,695,286
Trade and other payables	155,837,816	6.53	1,018,038,815	407,424
<b>TOTAL RESERVES AND LIABILITIES</b>	<b>71,473,002,517</b>		<b>466,910,361,280</b>	<b>186,859,817</b>

Key assumptions and considerations made by management in the preparation of the sensitivity analysis are as follows;

- > Amounts presented in the analysis above may not reflect the actual opening balances in ZiG Dollars going forward (i.e. for future accounting periods).
- > The exchange rate used to converted ZWL\$ to ZiG\$ has been applied basing on the estimated initial rate on 5 April 2024, since ZiG was not in existence on 31 December 2023.
- > The exchange rate used is an estimate, hence, might differ from the actual exchange rate to be used as an initial rate for transacting purposes.
- > The initial ZiG value used is equivalent to the value of one milligram of gold of ninety-nine per centum purity applicable on 5 April 2024 as determined by the spot price of gold, and the prevailing interbank foreign exchange rate.

# 11 | Appendices

Table 1: Founding and funding partners



Foreign, Commonwealth  
& Development Office

**Hivos**  
people unlimited

MINISTRY OF FOREIGN AFFAIRS OF DENMARK  
**DANIDA** INTERNATIONAL  
DEVELOPMENT COOPERATION



Impact  
that matters



**FORD  
FOUNDATION**



**DCA**  
actalliance

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