

LOWER GURUVE DEVELOPMENT ASSOCIATION

FINANCIAL STATEMENTS

31 DECEMBER 2015

**Nolands**  
NOT YOUR ORDINARY AUDITORS

**LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**Registered Office** Stand No: 295  
**GURUVE**

**Telephone** +263 58 2477, +263 58 2552

**Email** [lgda@mango.zw](mailto:lgda@mango.zw)

**Business** Developing the Mbire District community.

**Established** 1991

**Board of Trustees**

Mr E Murendo (Executive Director)  
Mr L Nyamasoka (Chairperson)  
Ms M Chaka (Treasurer)  
Mrs E Muveteri (Secretary)  
Mrs N Chikwira (Member)  
Mr C Chimukoro (Member)  
Mr D Mupfumbira (Member)  
Mrs P Dzivarenyenga (Member)  
Mrs E Maveza (Member)  
Mrs E Hwingwiri (Member)  
Mr F Muodza (Member)  
Mr B Mutande (Member)  
Mr J Vhareta (Member)  
Mrs A Chingwa (Member)  
Mrs C Kataika (Member)  
Mr E Chigwajara (Member)  
Mrs R Gomo (Member)  
Mrs M Guvheya (Member)  
Mrs J Mugari (Member)

**Bankers** Standard Chartered Bank Zimbabwe,  
Agribank

**Auditors** Nolands Harare Chartered Accountants  
7 Glenara Avenue South  
Eastlea, Harare  
**Telephone** +263 4-481037/9

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LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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**Trustees' responsibility for financial reporting**

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Trust and place considerable importance on maintaining a strong control environment. To enable the Trustees to meet these responsibilities, the board of Trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Trust and all employees are required to maintain the highest ethical standards in ensuring the Trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Trust is on identifying, assessing, managing and monitoring all known forms of risk across the Trust. While operating risk cannot be fully eliminated, the Trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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.

The external auditors are responsible for independently reviewing and reporting on the organisation's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3.

The financial statements and the notes thereto set out on pages 4 to 15, which have been prepared on the going concern basis, were approved by the trustees and were signed by ;

Chairperson;  .....

Date; 22.04.2016 .....

Executive Director;  .....

Date; 22/04/16 .....

**Independent auditors' report**  
**To the members' Lower Guruve Development Association**  
**Report on the financial statements**

We have audited the accompanying financial statements of Lower Guruve Development Association for the year ended 31 December 2015 set out on pages 4 to 15 which comprise the statement of financial position as at 31 December 2015, statement of comprehensive income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Trustees' responsibility for the Financial Statements**

The Board of Trustees' is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as the committee determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Except for the effects of the matter described in the above paragraph, in our opinion the financial statements, in all material respects give a true and a fair view of the financial position of Lower Guruve Development Association as at 31 December 2015, the results of its operations and the cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without qualifying our opinion, we draw your attention to the fact current liabilities exceed its current assets by \$24,462. The organisation mainly relies on donations and has no other reliable sources of income. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the organisation's ability to continue as a going concern.

**Opinion**

Except for the effects of the matter described in the above paragraph, in our opinion the financial statements, in all material respects give a true and a fair view of the financial position of Lower Guruve Development Association as at 31 December 2015, the results of its operations and the cash flows for the year then ended in accordance with International Financial Reporting Standards.


*Nolands*  
**NOLANDS**  
**Chartered Accountants**

**HARARE**  
*21/04/2016*

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	NOTES	US\$ 2015	US\$ 2014
<b>Assets</b>			
<b>Non current assets</b>			
Property and equipment	3	100,168	110,529
		<u>100,168</u>	<u>110,529</u>
<b>Current assets</b>			
Accounts receivable	4	150	-
Cash and cash equivalents	5	15,132	8,554
		<u>15,282</u>	<u>8,554</u>
<b>Total assets</b>		<u><u>115,450</u></u>	<u><u>119,084</u></u>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Non distributable reserve		7,535	7,535
Accumulated funds		68,170	82,311
		<u>75,705</u>	<u>89,846</u>
<b>Current liabilities</b>			
Accounts payable	6	39,745	29,237
		<u>39,745</u>	<u>29,237</u>
<b>Total reserves and liabilities</b>		<u><u>115,450</u></u>	<u><u>119,083</u></u>

Signed for and on behalf of the board of trustees by;

Chairperson;  .....

Date; 22-04-2016

Executive Director;  .....

Date; 22/04/16

LOWER GURUVE DEVELOPMENT ASSOCIATION

MAIN ACCOUNT

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	US\$ 2015	US\$ 2014
<b>Income</b>			
<b>World Food Programme</b>			
Productive Asset Creation		214,553	213,580
Seasonal Targeted Assistance		-	96,028
<b>Action Aid</b>			
Mbire Livestock Project Production		-	186,417
<b>LGDA Contributions</b>			
Membership contributions		8,315	234
Internal vehicle hire		6,500	-
Sundry income		-	11,356
<b>Total income</b>		<b>229,368</b>	<b>507,615</b>
<b>Expenditure</b>			
<b>Programmes</b>			
Productive Asset creation	7.1	225,422	64,931
Seasonal Targeted Assistance	7.2	-	161,158
Administration	7.3	14,256	66,390
Mbire Livestock Project Production	7.4	3,831	164,771
<b>Total expenditure</b>		<b>(243,509)</b>	<b>(457,251)</b>
<b>(Deficit) / surplus for the year</b>		<b>(14,141)</b>	<b>50,364</b>

LOWER GURUVE DEVELOPMENT ASSOCIATION

MAIN ACCOUNT

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2015

	Non Distributable Reserve	Accummulated fund	Total
Balance as at 31 December 2013	7,535	31,946	39,481
Profit for the year	-	50,364	50,364
Balance as at 31 December 2014	7,535	82,311	89,846
Loss for the year	-	(14,141)	(14,141)
Balance as at 31 December 2015	7,535	68,170	75,705

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 STATEMENT OF CSSH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	US\$ 2015	US\$ 2014
<b>Operating activities</b>		
(Deficit) / surplus for the year	(14,141)	50,364
<i>Adjusted for:</i>		
Depreciation	10,360	11,080
<b>Cash flows before working capital changes</b>	<b>(3,780)</b>	<b>61,445</b>
<b>Working capital changes</b>		
( Increase)/Decrease in receivables	(150)	127,357
(Decrease)/Increase in payables	10,508	(216,515)
<b>Cash flows from / (applied in) operating activities</b>	<b>6,578</b>	<b>(27,713)</b>
<b>Investing activities</b>		
Purchase of property and equipment	-	(484)
<b>Cash flows from (applied in) investing activities</b>	<b>-</b>	<b>(484)</b>
<b>Net cash movement for the period</b>	<b>6,578</b>	<b>(28,197)</b>
Cash and cash equivalents at the beginning of the year	8,554	36,751
<b>Cash and cash equivalents at end of the period</b>	<b>15,132</b>	<b>8,554</b>



**LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1 Incorporation and Activities**

The Association is registered under the Private Voluntary Organisation Act ( Chapter 17:05) and is involved in community development projects in the Mbire District (formerly Lower Guruve) area of Mashonaland Central province.

**2 Accounting policies**

The principal accounting policies which are set below have been consistently followed in all material respect.

**2.1 Basis of preparation**

The fund financial statements are prepared on a historical cost basis of accounting.

**2.2 Grant Income and Expenditure**

Grant income is accounted for on receipt basis. Expenditure for goods and services is recognised for accounting purposes at the time expenditure is incurred.

**2.3 Presentation currency**

The financial statements are presented in United States Dollars. Transactions in other currencies were converted using the applicable spot rate ruling at the date of transaction.

**2.4 Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight line basis over their anticipated useful lives at the following annual rates.

Buildings	2.5%
Vehicles	20%
Office furniture	10%
Equipment, workshop tools	10%
Plant and machinery	10%

**2.5 Financial instruments**

**Classification**

The organisation accounts for its financial assets at fair value through profit and loss, loans and receivables or as available- for -sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at

**LOWER GURUVE DEVELOPMENT ASSOCIATION**

**MAIN ACCOUNT**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

**Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**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.

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 NOTES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)

3 PROPERTY AND EQUIPMENT

	Land and Buildings	Motor Vehicles	Training Equipment	Office Equipment	Plant & Machinery	Total
<b>Carrying Amount-31 December 2013</b>	<b>76,993</b>	<b>720</b>	<b>8,165</b>	<b>25,010</b>	<b>10,238</b>	<b>121,125</b>
Gross carrying amount or cost	87,992	44,500	15,916	44,730	20,475	213,612
Accumulated depreciation	(10,999)	(43,780)	(7,751)	(19,720)	(10,238)	(92,487)
Additions	-	-	-	484	-	484
Depreciation for the year	(2,200)	(720)	(1,592)	(4,521)	(2,048)	(11,080)
<b>Carrying Amount-31 December 2014</b>	<b>74,793</b>	<b>-</b>	<b>6,573</b>	<b>20,972</b>	<b>8,190</b>	<b>110,529</b>
Gross carrying amount or cost	87,992	44,500	15,916	45,213	20,475	214,096
Accumulated depreciation	(13,199)	(44,500)	(9,342)	(24,242)	(12,285)	(103,567)
Disposals	-	(6,000)	-	-	-	(6,000)
Depreciation on disposal	-	6,000	-	-	-	6,000
Depreciation for the year	(2,200)	-	(1,592)	(4,521)	(2,048)	(10,360)
<b>Carrying Amount-31 December 2015</b>	<b>72,593</b>	<b>-</b>	<b>4,982</b>	<b>16,450</b>	<b>6,143</b>	<b>100,168</b>
Gross carrying amount or cost	87,992	38,500	15,916	45,213	20,475	208,096
Accumulated depreciation	(15,399)	(38,500)	(10,934)	(28,763)	(14,333)	(107,928)

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 NOTES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	US\$ 2015	US\$ 2014
<b>4 Accounts receivable</b>		
Staff debtors	150	-
	<u>150</u>	<u>0</u>
<b>5 Cash and cash equivalents</b>		
Cash at bank	15,132	8,554
	<u>15,132</u>	<u>8,554</u>
<b>6 Accounts payable</b>		
PAYE and AIDS levy	25,850	25,850
Trade payables	13,895	3,386
	<u>39,745</u>	<u>29,237</u>

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 NOTES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	US\$ 2015	US\$ 2014
<b>7.1 Productive Asset creation</b>		
<b>Staff and related costs</b>		
Administrative staff	-	5,646
Travel	835	630
	<u>835</u>	<u>6,276</u>
<b>Recurring costs- main office</b>		
Rental of facility	2,000	-
Utilities	364	45
Communication fees	1,654	717
Office supplies	856	697
Light vehicle running costs	-	3,827
	<u>4,874</u>	<u>5,286</u>
<b>Staff and related costs-sub office 1</b>		
Programme staff	91,686	-
Training	220	-
	<u>91,906</u>	<u>-</u>
<b>Recurring costs - sub office 1</b>		
Utilities	279	-
Communication fees	885	-
Office supplies	2,588	-
Light vehicle running costs	8,760	-
Protective clothing	40	-
	<u>12,552</u>	<u>-</u>
<b>Equipment and other-sub office</b>		
Procurement of NFI	96,679	51,307
	<u>96,679</u>	<u>51,307</u>
<b>Management fee</b>		
Visibility material	283	-
Bank charges	-	2,063
	<u>283</u>	<u>2,063</u>
<b>Grand Total</b>	<u><u>225,422</u></u>	<u><u>64,931</u></u>

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 NOTES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	US\$ 2015	US\$ 2014
<b>7.2 Selected Targeting Assistance</b>		
<b>Main office running and staff costs</b>		
Administration staff	-	1,808
Programme staff	-	1,176
Travel	-	62
Staff security	-	52
Rental facilities	-	165
Communication fees	-	30
Office supplies	-	34
Light vehicle running costs	-	270
Office security	-	342
	-	<b>3,939</b>
<b>Sub-office 1 office running and staff cost</b>		
Administrative staff	-	1,100
Programme staff	-	8,300
Travel	-	787
Training	-	4,413
Staff security	-	260
Communication fees	-	160
Office supplies	-	10
Light vehicle running costs	-	1,192
	-	<b>16,222</b>
Program management related costs	-	3,890
Cash for cereal registers	-	135,850
Bank charges	-	1,258
<b>Grand Total</b>	-	<b>161,158</b>

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 NOTES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	US\$ 2015	US\$ 2014
<b>7.3 ADMINISTRATION</b>		
Audit fees	361	4,600
Bank charges	140	150
Board meetings	-	2,565
Casual labour	-	415
Consultancy	-	1,355
Communication fees	337	1,937
Depreciation	10,360	11,080
Fundraising activities	-	3,795
Motor vehicle expenses	2,243	16,529
Office generator expenses	10	98
Printing and stationery	15	541
Repairs and maintenance	-	842
Staff salaries and allowances	700	16,312
Staff Welfare	65	845
Teas and cleaning	-	213
Travel and subsistence	24	5,014
Water and electricity	-	100
<b>Grand Total</b>	<u>14,256</u>	<u>66,390</u>

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 NOTES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	US\$ 2015	US\$ 2014
<b>7.4 Selected Targeting Assistance</b>		
<b>Training and capacity development of 9280 smallholder farmers</b>		
Training of trainers 120 farmers on livestock production and management	-	11,737
Training of trainers 120 farmers business management	-	10,600
Training of trainers 120 farmers (60% women) on cross cutting issues	793	12,027
	<u>793</u>	<u>34,364</u>
<b>Strengthening the capacity of 15 LCAs</b>		
Mobilise and re-organise smallholder farmers into 15 Livestock commodity associations	-	1,573
Train and capacity develop LCA 35 members	-	8,378
Organising 2 exchange visits	-	7,787
Strengthening data collection systems and management	-	14,296
Research documentation and program visibility	-	4,043
	<u>473</u>	<u>36,078</u>
<b>Setting up and managing of 5 auction centres in selected communities</b>		
Repair Chirunya cattle sales pens	-	14,570
Construct 4 standard cattle sales pens	-	43,791
Construct 4 toilet (one per cattle sales pen)	-	7,850
Drill 4 boreholes (one per cattle sale pen) for 4 cattles sales pens	-	5,000
Establish and train 5 livestock Auction Centre committees in leadership, management and negotiation skills	-	1,146
	<u>-</u>	<u>72,358</u>
<b>Project implementation and monitoring</b>		
Facilitate the holding of quarterly community review meetings	1,888	774
Administration and support	677	4,106
Staff salaries	-	17,092
	<u>2,566</u>	<u>21,972</u>
<b>Grand Total</b>	<u><u>3,831</u></u>	<u><u>164,771</u></u>