

# LOWER GURUVE DEVELOPMENT ASSOCIATION



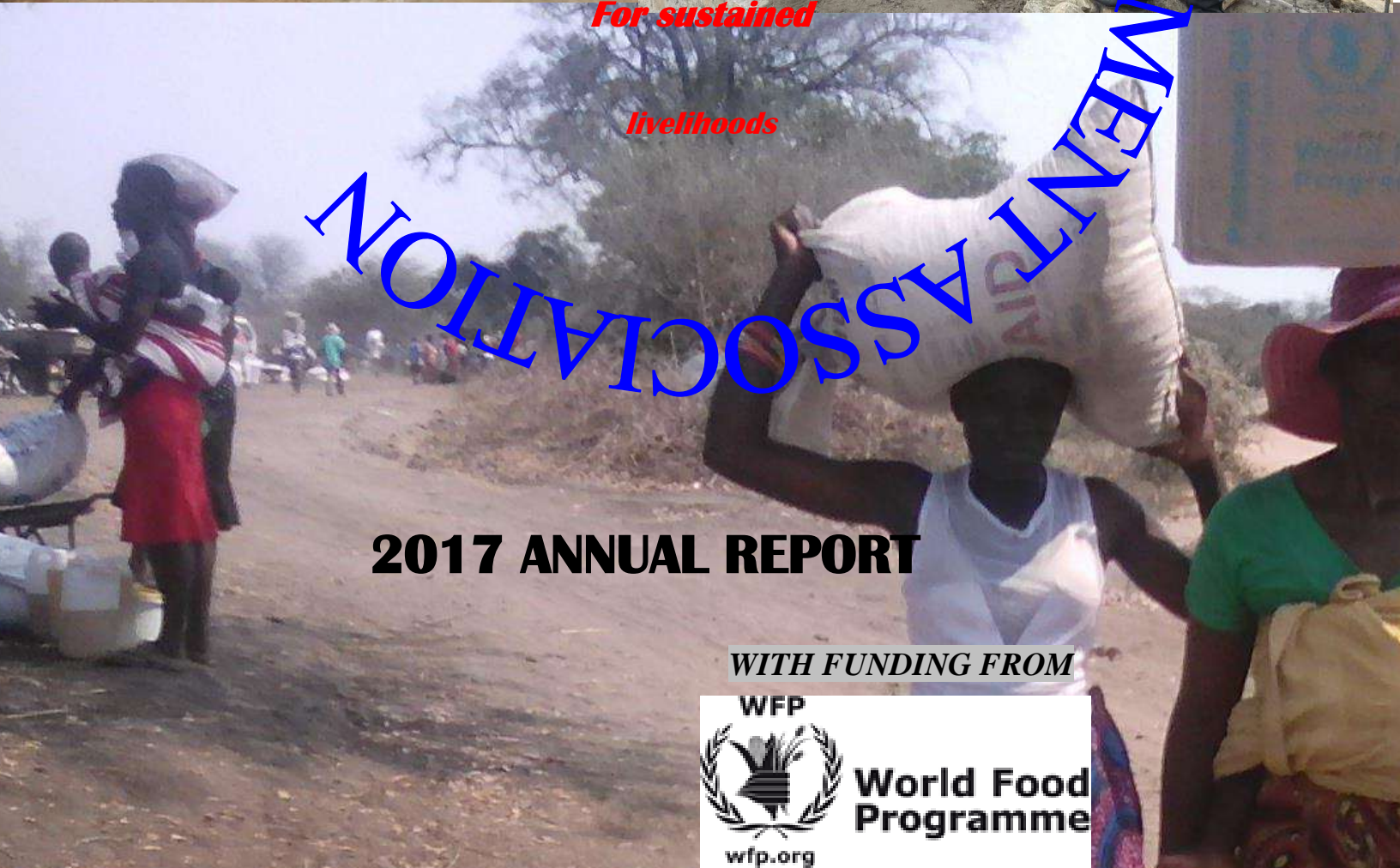
L.G.D.A

W.O.15/91

*For sustained*

*livelihoods*

# LOWER GURUVE DEVELOPMENT ASSOCIATION



## 2017 ANNUAL REPORT

WITH FUNDING FROM



World Food Programme

wfp.org



## ***OUR ORGANISATION***

Lower Guruve Development Association (LGDA) is a community based organisation registered in year 1991 under the Private Voluntary Organisations Act. It is both an individual and group membership organisation set to represent and promote the interests of poor and disadvantaged rural communities. The organization started working with communities in Mbire district but has spread to other districts in the country such as Guruve, Bindura and Shamva and efforts are being made to extend to districts in the country. LGDA's mandate is to overcome the social, economic and ecological constraints to development for the benefit of the rural communities of Zimbabwe. LGDA has worked with many donor partners and has gained vast experience in areas of development and emergencies.

### **LGDA Core Values**

The organisation upholds and expects its members, leadership and staff to abide by the following values:

- Selfless leadership and fairness
- Respect for indigenous knowledge
- Accountability and transparency
- Respect for diverse opinions and views

### **LGDA Vision**

The vision of LGDA is **the attainment of sustainable livelihoods by the entire communities in which it serves.**

### **LGDA Mission**

To ensure that vulnerable communities attain sustainable livelihoods through the use of participatory methodologies in partnership with other relevant stakeholders.

## **Introduction**

LOWER Gurube Development Association (LGDA) has been battling to fight hunger, poverty and socio-economic challenges facing the marginalized rural communities of Zimbabwe since 1991. We are, however, proud to present our 2017 Annual report. This report is a summary of the organisation's activities for the year including the challenges and opportunities we faced in implementing them. The economy of the country continued to fall as evidenced by all since the first decade of this century. This has created a very adverse operating environment for both government and non-governmental organizations which led to very serious financial starvation as a result of shrinking funding base especially towards institutional sustainability. The year under review has seen LGDA's programming limited to only one intervention as a result of limited or shrinking funding base. In the previous year, the United Nations World Food Programme (WFP) funded the PAC programme which was implemented in Mbire District. This programme ended in March this year whose progress was covered in our previous report. The year under review saw the LGDA implementing the Food Assistance For Assets (FFA) in Mbire District. This programme was funded by WFP. As a community based organization, LGDA has always believed in collaboration and networking with all stakeholders and will continue to highly appreciate their contribution.

### **The Food Assistance For Assets (FFA)**

#### **General Overview**

According to the 2016 ZimVac report, the District was ranked among the top 3 between January 2015 and March 2016 and among top 15 between January and March 2017 at 53% and 23% food insecurity respectively prevalence. The Zimbabwe Resilience Research Initiative 2016 final report highlights that Mbire is highly food insecure with limited resilience as a result of the harsh economic conditions, long-dry spells and droughts. These conditions paralysed opportunities for income generation and casual labour. This then was projected to leave the communities in the district very vulnerable. According to the 2016 Veterinary Services Report, Wards 13 and 14 lost 529 livestock between September and November 2016 due to limited access to drinking water. This reduced the asset base for the affected households and their resilience to food insecurity. The other cause of food insecurity is lack of food security infrastructure which includes poor road networks resulting in unreliable communication to markets and limited options for agricultural diversification. The average maize yield is 0.15MT/Ha while that of sorghum is 0.35 MT/Ha and is reflective of the extremely low food supply in the district (Second Round Crop and Livestock Assessment Report 2016). Generally, most households have adequate food supplies for 4 to 6 months per year and thereafter resort to one or two meals per day. The situation is worsened by the low cotton production due to depressed cotton prices for the past five seasons. This formed the basis for implementation of an FFA programme in the District.

The programme sought to address the direct and underlying causes of people's vulnerability to shocks and stressors by improving their absorptive, adaptive and transformative capacities. The following were the expected cross cutting outcomes and outputs for the project;

- Nutrition awareness and communication

- Construction of a weir dam, two dip tanks, four nutrition gardens and one splash drain
- Increased self-reliance of communities through graduation from food insecure to food secure.
- Capacity building program running concurrently with assets creation

## **PROJECT OBJECTIVES AND RESULTS**

The overall objective/ goal of the programme is to increase long-term resilience to shocks through productive asset creation which then help households and communities address the challenge of chronic food insecurity and improving their nutritional diversity.

### **Performance Indicators**

- i. 4 community nutrition gardens established
- ii. Two Dip Tanks constructed
- iii. One Splash Drain constructed
- iv. One Weir dam

### **Achievement of Performance indicators:**

- ✓ All assets were completed within the FLA period and significant utilisation became evident soon after completion.
- ✓ Good workmanship was exhibited on the assets as they exceeded the expected standards of rural structures and from those created in the previous FFA program periods created with local labour.
- ✓ Improvements in livelihoods could not be established at the end of the project period. It was only possible to gauge the output.
- ✓ Outcome realization and livelihood changes are often realized after a while when project outputs have been met. However, for dip tanks, an average of 1700 cattle dip at each of the two created assets.

The outcome(s) / Specific Objective(s)/ Purpose were to:

- To build nutrition security base for 350 households from diversified crops and livestock production,
- To improve water availability for livestock and vegetable production through creation of one weir dam and drilling three boreholes
- To increase food and nutrition availability at household level through food distributions to 1805 in a gender sensitive manner
- To support and strengthen utilization of current and past FFA projects through various trainings
- To establish water harvesting infrastructure and support the adoption of climate smart integrated food production systems
- To increase and diversify opportunities for improving household income.

### **Output 1**

2 Dip Tanks were constructed in wards 9 and 15. Ancillary works of toilet construction were at each of the projects sites.

The assets were completed within FLA period and utilisation commenced soon after issuance of certificates of completion.

### Output 2

Bwazi Weir dam was completed by the 30<sup>th</sup> of November and it collected water to capacity with the first batch of rains which were received in the district.

### Output 3

One splash drain was created and completed within the FLA period and utilisation of the same started soon after issuance of certificate of completion.

### Output 4

Four nutrition gardens were established in wards 1, 9 and 13 within the FLA period. Certificates of completion were issued for the same assets.

### Output 5

Related trainings on FFA assets were conducted. These included safety at work place, Asset maintenance, conflict management, market linkages, horticulture, water management, environmental protection works and constitution development.

District Inception workshop introduced the 2017 FFA program to stakeholders. The purpose of the meeting was to share the roles and responsibilities of all stake holders in this project as well as the programme context. The Inception workshop was followed by staff training on the project objectives as well as implementation modalities. This was followed by ward inception meetings held in each benefiting ward followed by the selection and registration of beneficiaries who were the workers in the development of the approved assets. Selection and training of the Project Implementation Teams (PIT) was done after beneficiary registration. The project activities on the different sites commenced after worker registration was completed. Food distributions, trainings and monitoring of project works also formed part of the activities. A total of 1 805 workers were registered to participate in the creation of 8 assets.

The FFA workers are considered to be self-targeting on the premise that people who are food secure would not be willing to work for food since it is readily available in their homes. Due to the multifaceted household vulnerabilities in communities that are still trying to recover from the economic challenges as well as successive droughts, willingness to work for any additional income or commodity was high. The demand for work was actually higher including those living outside the five kilometer radius feeling short-changed by the programme requirements to limit traveling distance to five kilometers. However, community based targeting was adopted, whereby the communities at ward level were called to ward

centers where each village came up with the food insecurity indicators for the identification of food insecure households.

The ranking process was done at village level using the food insecurity indicators that the community members had identified and listed at the beginning of the selection process. The whole targeting and selection process was supervised and monitored by the DDRC members, WFP representative, and LGDA staff.

The number of workers required per project was also used to limit the number of people selected for the FFA project. The key determinants in the selection of workers were being non-labour constrained and food insecure. The issue of distances to the assets being created or rehabilitated was also vital as workers should be within 5 km distances to the sites. 10% of labour constrained households was allowable at all the sites and these performed lighter duties such as child minding and ferrying portable water.

The table below gives a summary of the projects and their respective direct beneficiaries/workers:

Ward No	Ward Name	Project Type	Project Workers
1	Chapoto	Chamakuwa A Nutrition Garden	150
		Chamakuwa B Nutrition Garden	150
9	Neshangwe	Bwazi Nutrition Garden	130
		Bwazi dip tank	265
		Bwazi weir dam	450
13	Sapa	Chimhadze community Nutrition Garden	130
15	Mahuwe	Mahuwe dip tank	250
<b>17</b>	<b>Majongwe</b>	Tsinza Splash Drain	<b>280</b>
<b>Total workers</b>			<b>1 805</b>

### Achievements

LGDA managed to complete all the assets by the stipulated date 15 December 2017. Like all the previous PAC projects, workers were asked to work eight hours per day for fifteen days per month amounting to sixty hours per month. As remuneration, each worker would receive a food basket comprising of 50kg of cereal, 10kg pulses and 4litres (3.75kg) of vegetable oil. All workers, however, managed to work the agreed hours per month for the six months project period. Each worker received the agreed FLA ration/ food basket. A total of 690.41 metric tons of food commodities were distributed to workers during the project life cycle. Below is a summary of the food items moved during the period under review:

### Food Basket:

Commodity	Planned	Actual	Difference
Cereals (MT)	541.50	541.50	0
Pulses (MT)	108.30	108.30	0
Vegetable Oil (MT)	40.61	40.61	0
CSB	0	0	0
Total	690.41	690.41	0

### Project impact

the impact positively starts from the first month end of implementation when all participating households received food commodities. They will be able to have at least two meals per day than one or none before. The impact of the created assets was witnessed at dip tanks which started dipping as early as December 2017.



*The Tsinza Splash drain workers smile home after receiving their food entitlements*





*Joint project monitoring at Bwazi Splash Drain- from left to right: district officers from EMA(the smiling guy), Ministry of women and youth affairs, LGDA Programm Manager(in white golf and black skirt), Ward 9 Councilor(lady in white skirt), Officer from the DA's office and PIT member(with pen and book)*





**The magic bath.** *Cattle dipping for their first time at Mahuwe dip tank on 24 December 2017*

### **Reporting methodologies**

Reports produced during the project period were shared with various stakeholders and these include the following;

- ✓ Monthly CP Reports, both statistical and narrative, were shared with WFP.
- ✓ Post Distribution Monitoring (PDM) and Exit Surveys reports were shared with WFP after every distribution cycle. These reports were compiled by the M&E Officer and shared with WFP. However, no M and E database was shared from WFP.
- ✓ Every week and every month, LGDA shared with WFP Project Progress Reports to ascertain the progress on all the projects.
- ✓ Food Distribution Reports (FDR) and monthly invoices on food distributed were sent to WFP as per programme requirement.
- ✓ Training reports were written after every training

Below is a summary of monitoring reports produced through out the project cycle. These informative reports form the basis for monitoring and identification of gaps for timely corrective action.

<b>Type of Report</b>	<b>Frequency</b>	<b>Audience</b>	<b>Source of information</b>
Weekly Report	Weekly	WFP,	Field Monitors' Reports, GMB and Social Welfare source documents, Agritex, Livestock dept. and other Govt. departments
Monthly Monitoring	Monthly	WFP, LGDA, District Administrators' office, Rural District Council, Social Welfare	Field Monitor's reports, Food distribution Reports, Monitoring and Evaluation reports
Commodity Distribution Reports and Invoices	Monthly	WFP, LGDA, District Administrators' office, Rural District Council, Social Welfare	Field distribution reports, Way bills
Monitoring and Evaluation Reports	Monthly	WFP, LGDA management	Actual Field Visits

## **Gender**

Women constituted 48% of the workers while 52% were male workers. The workers were encouraged to ensure that women take up leadership positions in the project structures. In all the 8 project sites, 55% of committee positions were held by women with the majority in decision making positions such as Chairperson, Treasurer and Secretary. These committees were for Food Distribution Point and Project Implementation Teams. The majority of food recipients were women at an average of 54% and they reported to be in charge of food utilization at household level. •Women carried out activities which were mainly carried out by men during the implementation of the projects. The activities which they carried out comprise of cutting trees, digging of trenches, mixing mortar and concrete and bricklaying.

The FFA Project lessened the burden of women as it provided diversified food for consumption for the household. The project also improved nutrition for the household through milk and vegetable production. The income of the household also improved due to increased utilization of assets.



Women at work- gender equality *women at Bwazi Weir Dam construction do the masculine job as men look on*



LOWER GURUVE  
DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
FINANCIAL STATEMENTS  
31 DECEMBER 2017

**Nolands**  
NOT YOUR ORDINARY AUDITORS

LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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**Registered Office** Stand No: 295.7  
GURUVE

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

**Business** Developing the Mbire District community.

**Established** 1991

**Board of Trustees**

Mr E Murendo (Executive Director)  
Mr C Chimukoro (Chairperson)  
Mrs E. Muveza (Treasurer)  
Mr L Nyamasoka (Vice Chairperson)  
Mr J Vhareta (Secretary)  
Mr F Muodza (Member)  
Mr C Coffee (Member)  
Mr G Zhuwawu (Member)  
Mr T Masaiti (Member)  
Mr B Kanjiwa (Member)  
Mr S Machay (Member)  
Mr Chiriwo (Member)  
Mrs R G Mupesa (Member)  
Mr Mutande (Member)  
Mrs E Muveteri (Member)  
Ms M V Chaka (Member)  
Mr L Mukazika (Member)  
Mr E Chigwajara (Member)

**Bankers** Standard Chartered Bank Limited,

**Auditors** Nolands Harare Chartered Accountants  
No. 7 Glenara Avenue South  
Cnr Samora Machel Avenue, Eastlea  
Harare  
Tel: +263 (04) -4810337/9, 49522



LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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Trustees' responsibility for financial reporting

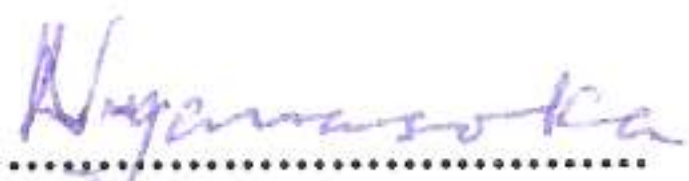
The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the Association 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 Association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Association is on identifying, assessing, managing and monitoring all known forms of risk across the Trust. While operating risk cannot be fully eliminated, the Association 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 Association's external auditors and their report is presented on pages 4-5.

The financial statements and the notes thereto set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the trustees and were signed by ;

Chairperson; 

Date; 23.11.2018

Executive Director; 

Date; 23.11.2018



## Independent Auditor's Report

### To the members of Lower Guruve Development Association Zimbabwe

#### Opinion

We have audited the Financial Statements of **Lower Guruve Development Association Zimbabwe** set out on pages 6 to 17, which comprise the Statement of Financial Position as at 31 December 2017, and the Statement of Comprehensive Income, Statement of Changes in Reserves and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Lower Guruve Development Association Zimbabwe as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for opinion

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 Association in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (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 the Executive Committee for the Financial Statements

The Executive Committee is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and for such internal control as the Executive Committee determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error,

In preparing the Financial Statements, the Executive Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Executive Committee'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 Association'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 Association 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 the Executive Committee 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.

Nolands  
Nolands Harare Chartered Accountants

23/11/2018  
Date

LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	NOTES	US\$ 2017	US\$ 2016
<b>Assets</b>			
<b>Non current assets</b>			
Property and equipment	3	82,027	92,048
		<u>82,027</u>	<u>92,048</u>
<b>Current assets</b>			
Accounts receivable	4	151,374	11,136
Cash and cash equivalents	5	818	20,040
		<u>152,192</u>	<u>31,176</u>
<b>Total assets</b>		<u><u>234,219</u></u>	<u><u>123,224</u></u>
<b>Reserves and liabilities</b>			
<b>Reserves</b>			
Non distributable reserve		7,535	7,535
Accumulated funds		76,816	39,259
		<u>84,351</u>	<u>46,795</u>
<b>Current liabilities</b>			
Accounts payable	6	149,868	76,429
		<u>149,868</u>	<u>76,429</u>
<b>Total reserves and liabilities</b>		<u><u>234,219</u></u>	<u><u>123,224</u></u>

Signed for and on behalf of the Board of Trustees by;

Chairperson; 

Date; 23.11.2018

Executive Director; 

Date; 23.11.2018



LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	US\$ 2017	US\$ 2016
<b>Income</b>			
<b>Productive Asset Creation</b>			
Women Cotton Production Assembly		-	-
<b>World Food Programme</b>			
Productive Asset Creation		229,290	185,387
Lean Season Assistance		108,438	240,645
Moderate Acute Malnutrition		190,078	
<b>LGDA Contributions</b>			
Membership contributions		210	873
Internal vehicle hire		-	8,448
Sundry income		112,359	46,307
<b>Total Income</b>		<u>640,375</u>	<u>481,661</u>
<b>Expenditure</b>			
<b>Programmes</b>			
Productive Asset Creation	7.1	230,849	198,641
Lean Season Assistance	7.2	87,201	244,103
Administration	7.3	196,310	43,590
Moderate Acute Malnutrition	7.4	88,457	24,238
<b>Total Expenditure</b>		<u>(602,818)</u>	<u>(510,572)</u>
<b>Surplus for the year</b>		<u><u>37,557</u></u>	<u><u>(28,911)</u></u>



LOWER GURUVE DEVELOPMENT ASSOCIATION  
 MAIN ACCOUNT  
 STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2017

	Non Distributable Reserve	Accummulated fund	Total
Balance as at 1 January 2016	7,535	68,170	75,705
Deficit for the year	-	(28,911)	(28,911)
Balance as at 31 December 2016	7,535	39,259	46,794
Surplus for the year	-	37,557	37,557
Balance as at 31 December 2017	7,535	76,816	84,351



LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	US\$ 2017	US\$ 2016
<b>Operating activities</b>		
Surplus for the year	37,557	(28,911)
<i>Adjusted for:</i>		
Depreciation	11,020	10,920
<b>Cash flows before working capital changes</b>	<u>48,577</u>	<u>(17,991)</u>
<b>Working capital changes</b>		
Increase in receivables	(140,238)	(10,986)
Increase in payables	73,438	36,685
<b>Cash flows from / (applied in) operating activities</b>	<u>(18,223)</u>	<u>7,708</u>
<b>Investing activities</b>		
Purchase of property and equipment	(999)	(2,800)
<b>Cash flows applied in investing activities</b>	<u>(999)</u>	<u>(2,800)</u>
<b>Net cash movement for the period</b>	<u>(19,222)</u>	<u>4,908</u>
Cash and cash equivalents at the beginning of the year	20,040	15,132
<b>Cash and cash equivalents at end of the period</b>	<u><u>818</u></u>	<u><u>20,040</u></u>



LOWER GURUVE DEVELOPMENT ASSOCIATION

MAIN ACCOUNT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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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 Association 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 acquisition.



LOWER GURUVE DEVELOPMENT ASSOCIATION

MAIN ACCOUNT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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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.



LOWIR GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT

NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

3 PROPERTY AND EQUIPMENT

	Land and Buildings	Motor Vehicles	Training Equipment	Office Equipment	Plant & Machinery	Total
<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)
<b>Acquisitions</b>	<b>-</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,800</b>
<b>Depreciation for the year</b>	<b>(2,200)</b>	<b>(560)</b>	<b>(1,592)</b>	<b>(4,521)</b>	<b>(2,048)</b>	<b>(10,920)</b>
<b>Carrying Amount-31 December 2016</b>	<b>70,394</b>	<b>2,240</b>	<b>3,390</b>	<b>11,929</b>	<b>4,095</b>	<b>92,048</b>
Gross carrying amount or cost	87,992	41,300	15,916	45,213	20,475	210,896
Accumulated depreciation	(17,598)	(39,060)	(12,525)	(33,284)	(16,380)	(118,848)
<b>Acquisitions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>999</b>	<b>-</b>	<b>999</b>
<b>Depreciation for the year</b>	<b>(2,200)</b>	<b>(560)</b>	<b>(1,592)</b>	<b>(4,621)</b>	<b>(2,048)</b>	<b>(11,020)</b>
<b>Carrying Amount-31 December 2017</b>	<b>68,194</b>	<b>1,680</b>	<b>1,799</b>	<b>8,307</b>	<b>2,048</b>	<b>82,027</b>
Gross carrying amount or cost	87,992	41,300	15,916	46,212	20,475	211,895
Accumulated depreciation	(19,798)	(39,620)	(14,117)	(37,906)	(18,428)	(129,868)



LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	US\$ 2017	US\$ 2016
<b>4 Accounts receivable</b>		
Trade receivables	151,224	10,986
Staff debtors	150	150
	<u>151,374</u>	<u>11,136</u>
<b>5 Cash and cash equivalents</b>		
Cash at bank	818	20,040
Cash on hand	-	-
	<u>818</u>	<u>20,040</u>
<b>6 Accounts payable</b>		
PAYE and AIDS levy	60,903	-
NSSA	13,738	4,860
Trade payables	24,295	71,569
Salaries	77,762	-
Leave provision	-	-
Advances and recoveries	776	-
Customer control	(27,606)	-
	<u>149,868</u>	<u>76,429</u>



LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	US\$ 2017	US\$ 2016
<b>7.1 Productive Asset Creation</b>		
<b>Staff and related costs</b>		
Administrative staff	27,504	7,938
Programme staff	2,026	7,056
Travel	-	-
	<u>29,530</u>	<u>14,994</u>
<b>Recurring costs- main office</b>		
Rental of facility	-	660
Utilities	-	512
Communication fees	-	1,979
Office supplies	-	372
Light vehicle running costs	-	1,280
Office security	-	1,720
	<u>-</u>	<u>6,523</u>
<b>Staff and related costs-sub office 1</b>		
Administrative staff	27,504	10,200
Programme staff	4,968	60,860
Travel	-	3,984
Training	-	-
	<u>32,472</u>	<u>75,044</u>
<b>Recurring costs - sub office 1</b>		
Rental facility	499	820
Utilities	-	420
Communication fees	-	496
Office supplies	-	578
Light vehicle running costs	10,777	10,463
Office security	-	1,380
Technical and specialist services	15,900	-
	<u>27,176</u>	<u>14,157</u>
<b>Equipment and other-sub office</b>		
Computer and communication equipment	-	25
Procurement of NFI	128,363	80,817
	<u>128,363</u>	<u>80,842</u>
<b>Management fee</b>		
Support staff costs	13,310	-
	<u>13,310</u>	<u>-</u>
<b>Administrative cost ( 7% )</b>	-	7,081
<b>Grand Total</b>	<u><u>230,849</u></u>	<u><u>198,641</u></u>



LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	US\$ 2017	US\$ 2016
<b>7.2 Lean Season Assistance</b>		
<b>Main office running and staff costs</b>		
Administration staff	-	5,718
Programme staff	4,029	6,664
Travel	910	560
Utilities	307	787
Communication fees	647	1,107
Office supplies	135	422
Rental facilities	1,000	-
	<u>7,028</u>	<u>15,258</u>
<b>Sub-office 1 office running and staff cost</b>		
Administrative staff	7,473	13,200
Programme staff	29,205	147,552
Travel	9,613	1,390
Training	-	3,299
Utilities	5	800
Communication fees	85	2,716
Office supplies	455	1,765
Light vehicle running costs	31,870	50,245
Other (Visibility materials)	162	200
	<u>78,868</u>	<u>221,166</u>
<b>Administrative cost ( 7% )</b>	1,306	7,679
<b>Grand Total</b>	<u><u>87,201</u></u>	<u><u>244,103</u></u>



LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	US\$ 2017	US\$ 2016
<b>7.3 Administration</b>		
Audit fees	-	4,708
Bank charges	2,638	1,541
Board meeting	2,698	-
Cellphone allowance	4,621	-
Communication fees	1,446	60
Consultancy	6,430	-
Depreciation	11,020	10,920
Fundraising activities	100	895
General labour	145	-
Leave Pay	5,916	-
Motor vehicle expenses	429	520
NSSA Organisational contributions	304	-
Office generator expenses	-	-
PAYE/ZIMRA	3,137	-
Printing and stationery	292	12
Regional meeting	167	-
Repairs and maintenance	2,062	3,673
Revival and completion of old projects	19,991	-
Staff Development	100	-
Staff salaries and allowances	88,921	20,753
Staff Welfare	895	-
Subscriptions	100	50
Teas and cleaning	736	2
Transport	6,334	-
Travel and subsistence	13,174	451
Vehicle fuels	23,941	-
Water and electricity	713	5
<b>Grand Total</b>	<b>196,310</b>	<b>43,590</b>



LOWER GURUVE DEVELOPMENT ASSOCIATION  
MAIN ACCOUNT  
NOTES FOR THE YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	US\$ 2017	US\$ 2016
<b>7.4 Moderate Acute Malnutrition</b>		
<b>Main office running and staff costs</b>		
Administration staff	6,435	1,501
Programme staff	-	392
Travel	220	86
Communication fees	93	10
Office supplies	297	20
Light vehicle running costs	-	669
	<u>7,045</u>	<u>2,678</u>
<b>Sub-office 1 office running and staff cost</b>		
Administrative staff	62,356	5,800
Programme staff	-	11,146
Training	650	1,664
Rental facilities	1,995	500
Light vehicle running costs	11,478	2,450
Office security	1,500	-
Travel	1,833	-
Utilities	18	-
Communication fees	995	-
Office supplies	588	-
	<u>81,412</u>	<u>21,560</u>
<b>Grand Total</b>	<u><b>88,457</b></u>	<u><b>24,238</b></u>