

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

Registered Office Stand No: 295.7
GURUVE

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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

INDEX TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2017

	Page
Approval of annual financial statements	2
Independent auditors' report	3-5
Financial Statements	6-17

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

Trustees' responsibility for financial reporting

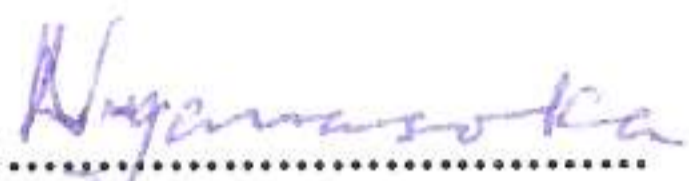
The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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
Assets			
Non current assets			
Property and equipment	3	82,027	92,048
		<u>82,027</u>	<u>92,048</u>
Current assets			
Accounts receivable	4	151,374	11,136
Cash and cash equivalents	5	818	20,040
		<u>152,192</u>	<u>31,176</u>
Total assets		<u><u>234,219</u></u>	<u><u>123,224</u></u>
Reserves and liabilities			
Reserves			
Non distributable reserve		7,535	7,535
Accumulated funds		76,816	39,259
		<u>84,351</u>	<u>46,795</u>
Current liabilities			
Accounts payable	6	149,868	76,429
		<u>149,868</u>	<u>76,429</u>
Total reserves and liabilities		<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
Income			
Productive Asset Creation			
Women Cotton Production Assembly		-	-
World Food Programme			
Productive Asset Creation		229,290	185,387
Lean Season Assistance		108,438	240,645
Moderate Acute Malnutrition		190,078	
LGDA Contributions			
Membership contributions		210	873
Internal vehicle hire		-	8,448
Sundry income		112,359	46,307
Total Income		<u>640,375</u>	<u>481,661</u>
Expenditure			
Programmes			
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
Total Expenditure		<u>(602,818)</u>	<u>(510,572)</u>
Surplus for the year		<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
Operating activities		
Surplus for the year	37,557	(28,911)
<i>Adjusted for:</i>		
Depreciation	11,020	10,920
Cash flows before working capital changes	48,577	(17,991)
Working capital changes		
Increase in receivables	(140,238)	(10,986)
Increase in payables	73,438	36,685
Cash flows from / (applied in) operating activities	(18,223)	7,708
Investing activities		
Purchase of property and equipment	(999)	(2,800)
Cash flows applied in investing activities	(999)	(2,800)
Net cash movement for the period	(19,222)	4,908
Cash and cash equivalents at the beginning of the year	20,040	15,132
Cash and cash equivalents at end of the period	818	20,040

LOWER GURUVE DEVELOPMENT ASSOCIATION

MAIN ACCOUNT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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
Carrying Amount-31 December 2015	72,593	-	4,982	16,450	6,143	100,168
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)
Acquisitions	-	2,800	-	-	-	2,800
Depreciation for the year	(2,200)	(560)	(1,592)	(4,521)	(2,048)	(10,920)
Carrying Amount-31 December 2016	70,394	2,240	3,390	11,929	4,095	92,048
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)
Additions	-	-	-	999	-	999
Depreciation for the year	(2,200)	(560)	(1,592)	(4,621)	(2,048)	(11,020)
Carrying Amount-31 December 2017	68,194	1,680	1,799	8,307	2,048	82,027
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
4 Accounts receivable		
Trade receivables	151,224	10,986
Staff debtors	150	150
	<u>151,374</u>	<u>11,136</u>
5 Cash and cash equivalents		
Cash at bank	818	20,040
Cash on hand	-	-
	<u>818</u>	<u>20,040</u>
6 Accounts payable		
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
7.1 Productive Asset Creation		
Staff and related costs		
Administrative staff	27,504	7,938
Programme staff	2,026	7,056
Travel	-	-
	<u>29,530</u>	<u>14,994</u>
Recurring costs- main office		
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>
Staff and related costs-sub office 1		
Administrative staff	27,504	10,200
Programme staff	4,968	60,860
Travel	-	3,984
Training	-	-
	<u>32,472</u>	<u>75,044</u>
Recurring costs - sub office 1		
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>
Equipment and other-sub office		
Computer and communication equipment	-	25
Procurement of NFI	128,363	80,817
	<u>128,363</u>	<u>80,842</u>
Management fee		
Support staff costs	13,310	-
	<u>13,310</u>	<u>-</u>
Administrative cost (7%)		
	-	7,081
Grand Total	<u>230,849</u>	<u>198,641</u>

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

	US\$ 2017	US\$ 2016
7.2 Lean Season Assistance		
Main office running and staff costs		
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>
Sub-office 1 office running and staff cost		
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>
Administrative cost (7%)	1,306	7,679
Grand Total	<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
7.3 Administration		
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
Grand Total	196,310	43,590

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

	US\$ 2017	US\$ 2016
7.4 Moderate Acute Malnutrition		
Main office running and staff costs		
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>
Sub-office 1 office running and staff cost		
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>
Grand Total	<u>88,457</u>	<u>24,238</u>